

MESSAGE FROM CHAIRMAN

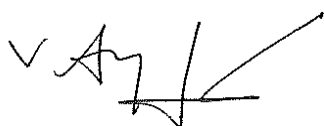
We are proud to say that in 2010, the company has achieved another milestone in terms of volume of natural rubber products sold and the profit performance. The volume of natural rubber sold worldwide amounted to 840,000 metric tons and the company profitability has almost doubled to Baht 3,850 million. Our company, of course, has been a beneficiary of the strong global car markets in the USA, Europe, China, India as well as all the emerging markets.

Given the expected continued strength of the global economy in the coming years, and the strong demand expected for all commodities, particularly rubber, the company has embarked on a more aggressive expansion of our capacity in both Thailand and Indonesia. In total, there will be additional six STR-20 Block rubber factories in Thailand and three SIR-20 Block rubber factories in Indonesia completed by the end of 2012. This will take our rubber processing capacity from 860,000 metric tons in 2010 to 1,500,000 tons by the end of 2012, or 15 percent of the current global production.

The Chinese market has remained a very important market for our business. However, we have also witnessed increased interests from India as well as strong demands from all the global tyre makers across the globe. Our philosophy is to continue to grow our factory operations where the supply remains abundant and our marketing arm to where all the buyers are located. We are in fact now a global rubber company operating in all corners of the world, from Thailand, Indonesia to Singapore, China, India, USA, Brazil and many other nations.

With the rubber industry moving away from the dormant flat 50 years of oversupply situation to the current very tight environment, we will certainly see many new competition from the existing and/or new players embarking into the rubber industry; whether upstream, midstream or downstream. The competition will become more intense and our strategy to expand now is to ensure that we move ahead of the competition. We need to think and act preemptively to ensure we are not left behind in the competition curve. Our view of the industry has remained friendly and we hope to continue to deliver the good performance of the last two years to the shareholders.

Finally, we would like to thank all stakeholders for their support and understanding. We look forward to an even more promising future in 2011.



(Dr. Viyavood Sincharoenkul)
Chairman
Sri Trang Agro-Industry Public Company Limited
5 March 2011

GENERAL INFORMATION

Information of the Company

Name of the Company (Thai)	:	บริษัท ศรีตรังแอโกรินดัสทรี จำกัด (มหาชน)
Name of the Company (English)	:	Sri Trang Agro-Industry Public Company Limited
Head Office	:	10 Soi 10, Phetkasem Road, Hatyai, Songkhla 90110, Thailand Telephone +66-7434-4663 (Automatic 14 Lines) Fax +66-7434-4676, +66-7434-4677, +66-7423-7423
Type of Business	:	Production and export of RSS, TSR and Concentrated Latex
Registration No.	:	107536001656
Company Secretary	:	Mrs. Pacharin Anuwongwattanachai
Website	:	http://www.sritranggroup.com
Type of Shares	:	Ordinary shares
Registered Capital	:	Baht 1,280,000,000
Paid-up Capital	:	Baht 1,280,000,000
Issued Shares	:	Baht 1,280,000,000 with a par value of Baht 1 each

Information of juristic persons in which the Company holds more than 10% of the issued shares of such juristic persons

1. Nam Hua Rubber
Head Office: 10 Soi 10 Phetkasem Road, Hatyai Subdistrict
Hatyai District, Songkhla Province, Thailand
Type of Business: Production and export of RSS, TSR and Concentrated Latex
Telephone: 66-7441-2268, 66-7441-1982-5
Fax: 66-7441-2255
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 1,749,994 shares or 99.9%
2. Anvar Parawood
Head Office: 101 Moo 3, Samnuk Kham Subdistrict
Sadao District, Songkhla Province, Thailand
Type of Business: Lumber production and manufacture of wooden furniture
Telephone: 66-7441-2756-7
Fax: 66-7441-2853
Type of shares: Ordinary shares
Total number of shares directly held by STA: 9,994 shares or 99.9%
3. Premier System Engineering
Head Office: 123 Moo 8, Karnchanawanich Road, Banpru Subdistrict
Hatyai District, Songkhla Province, 90250, Thailand
Type of Business: Engineering services, design, installation and maintenance machinery
Telephone: 66-7447-1480-3, 66-7447-1368
Fax: 66-7447-1290, 66-7447-1430

Type of Shares: Ordinary shares
Total number of shares directly held by STA: 409,996 shares or 82.0%

4. Rubberland Products
Head Office: 109 Karnchanawanich Road, Pahtong Subdistrict
Hatyai District, Songkhla Province, 90230, Thailand
Type of Business: Production of Concentrated Latex/ Block rubber
Telephone: 66-7429-1223-4, 66-7429-1755, 66-7429-1476
Fax: 66-7429-1477
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 749,994 shares or 99.9%
5. SSC
Head Office: 110 Karnchanawanich Road, Pahtong Subdistrict
Hatyai District, Songkhla Province, 90230, Thailand
Type of Business: Production of examination gloves
Telephone: 66-7447-1471, 66-7429-1648-9, 66-7429-1471-5
Fax: 66-7429-1650
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 6,300 shares or 31.5%
Auditor: BDO Richfield Limited
6. Semperflex Asia
Head Office: 110/1 Karnchanawanich Road, Pahtong Subdistrict
Hatyai District, Songkhla Province, 90230, Thailand
Type of Business: Production of high-pressure Hydraulic hoses
Telephone: 66-7447-1231-5
Fax: 66-7447-1230
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 1,425,000 shares or 37.5%
Auditor: BDO Richfield Limited
7. Semperform Pacific
Head Office: 110/2 Karnchanawanich Road, Pahtong Subdistrict
Hatyai District, Songkhla Province, 90230, Thailand
Type of Business: Production of injection moulded-rubber and plastic parts
Telephone: 66-7447-1231-5
Fax: 66-7447-1230
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 56,250 shares or 37.5%
Auditor: BDO Richfield Limited
8. Sadao P.S. Rubber
Head Office: 207/1 Padang Besar Road, Sadao Subdistrict
Sadao District, Songkhla Province 90120, Thailand
Type of Business: Production of RSS
Telephone: 66-7441-1838, 66-7446-0483-5
Fax: 66-7441-1837
Type of Shares: Ordinary shares
Total number of shares held by STA: 399,994 shares or 99.9%

9. Starlight Express Transport
Head Office: 13/1 Jingjit Road, Thupthiang Subdistrict
Muang District, Trang Province, 92000, Thailand
Type of Business: Provision of logistics services
Telephone: 66-7521-0500-2
Fax: 66-7521-0503
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 114,998 shares or 76.7%
10. Startex Rubber
Head Office: 10 Soi 10 Phetkasem Road, Hatyai Subdistrict
Hatyai District, Songkhla Province, 90110, Thailand
Type of Business: Ownership and management of rubber and oil palm plantations
Telephone: 66-7521-0500-2
Fax: 66-7521-0503
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 419,995 shares or 84.0%
11. Thai Tech Rubber
Head Office: 2 Juti Utit 3 Road, Hatyai Subdistrict
Hatyai District, Songkhla Province, 90110, Thailand
Type of Business: Production of TSR
Telephone: 66-7423-0768, 66-7423-0406-7, 66-7423-9063-4
Fax: 66-7423-8650
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 200,998 shares or 33.5%
Auditor: AST Master Co., Ltd.
12. Pattana Agro Futures
Head Office: Wallstreet Tower, 17th Floor, 33/84 Surawongse Road
Surawongse Subdistrict, Bangrak District, Bangkok, 10500, Thailand
Type of Business: Brokerage activities
Telephone: 66-2632-8826
Fax: 66-2632-8825
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 3,200,000 shares or 40.0%
Auditor: Ernst & Young Office Limited
13. Sri Trang Rubber & Plantation
Head Office: 13/1 Jingjit Road, Thupthiang Subdistrict
Muang District, Trang Province, 92000, Thailand
Type of Business: Ownership and management of rubber plantation
Telephone: 66-7521-0500-2
Fax: 66-7521-0503
Type of Shares: Ordinary shares
Total number of shares directly held by STA: : 4,999,993 shares or 99.9%
14. Sri Trang International
Head Office: 1 Raffles Place No. 17-02, One Raffles Place, Singapore 048616
Type of Business: Natural rubber wholesaler in Singapore
Telephone: 65-6532-5210 , 65-6532-5321
Fax: 65-6532-7501
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 42,000,000 shares or 100.0%



15. Sri Trang USA, Inc.
Head Office: 300 Preston Ave., Suite 400 Charlottesville
Virginia 22902 United States
Type of Business: Natural rubber wholesaler in the United States
Telephone: 1-434-296-0080 , 1-434-244-0089
Fax: 1-434-296-0098
Type of Shares: Common stock
Total number of shares directly held by STA: 2,000 shares or 100.0%

16. Sempermed USA, Inc.
Head Office: 13900, 49th Street North, Clearwater, FL 33762 United States
Type of Business: Distribution of examination gloves in the United States
Telephone: 1-800-366-9545
Fax: 1-800-763-5491
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 1,000 shares or 25.0%
Auditor: Pender Newkirk & Company LLP, USA

17. Shanghai Sempermed
Head Office: No.159, Lane 356, Chexin Highway, Chedun Town
Songjiang District, Shanghai 201611 P.R.C.
Type of Business: Production of examination gloves
Telephone: 86-21-5760-9389
Fax: 86-21-5760-9296
Type of capital: Registered capital
Total amount of capital directly held by SSC: USD 3,000,000 or 100.0%
Auditor: Grant Thornton, Shanghai, China

18. Shanghai Semperit
Head Office: No.2, Bridge, Beisong Road, Minhang, Shanghai 20111 P.R.C.
Type of Business: Manufacture of handrails and related parts for escalators and travelators
Telephone: 86-21-6409 0850 , 86-21-6409 0300
Fax: 86-21-6409 0850
Type of Interest: Equity
Total interest directly held by STA: 10.0%

19. PT Sri Trang Lingga
Head Office: TPA.2 RT.26 & 29 Keramasan, Palembang, Indonesia
Type of Business: Production of SIR-20 block rubber
Telephone: 62-711-445 666
Fax: 62-711-445 222
Type of Shares: Ordinary shares
Total number of shares directly held by STA: 18,000 shares or 90.0%

20. Semperflex Shanghai
Head Office: Shanghai Chemical Industry Park, Fengxian Subzone
Cangsong Road 1255, 201424,
Type of Business: Production of high-pressure Hydraulic hoses
Telephone: 86-21-5744-8386
Fax: 86-21-5744-8386
Type of Interest: Equity
Total interest held by STA: USD 7,500,000 or 50.0%
Auditor: Grant Thornton, Shanghai, China

21. Sempermed Singapore
 Head Office: 10 Anson Road, #09-24, International Plaza, Singapore 079903
 Type of Business: Investment holding in Sempermed Brasil
 Telephone: N/A
 Fax: N/A
 Type of Shares: Ordinary shares
 Total number of shares directly held by STA: 3,000,000 shares or 50.0%
 Auditor: Entrust Public Accounting Corporation

22. Sempermed Brasil
 Head Office: Rua João Franco de Oliveira
 750 – Unileste, Piracicaba – São Paulo
 Brasil Zip Code: 13.422-160
 Type of Business: Distribution and marketing of natural rubber gloves and synthetic rubber in Brazil
 Telephone: N/A
 Fax: N/A
 Type of capital: Quotas
 Total number of quotas held by Sempermed Singapore: 12,546,637 shares or approximately 100.0%
 Auditor: Röedl & Partner Auditores Independentes, Brazil

23. Shi Dong Investments
 Head Office: 1 Raffles Place No.17-02, One Raffles Place, Singapore 048616
 Type of Business: Investment holding in PT Star Rubber
 Telephone: 65-6532-5210 , 65-6532-5321
 Fax: 65-6532-7501
 Type of Shares: Ordinary shares
 Total number of shares directly held by Sri Trang International: 100.0%

24. PT Star Rubber
 Head Office: Jl.Trans Kalimantan Km.16 Kampung Jawa Tengah
 Sei Ambawang Kab, Kubu Raya Kalbar , Indonesia P.O. box 7864
 Type of Business: Production of SIR-20 block rubber
 Telephone: 62-85-750244759
 Fax: N/A
 Type of Shares: Ordinary shares
 Total number of shares directly held by Shi Dong Investment Pte Ltd. 99.0%

25. Shi Dong Shanghai
 Head Office: Room 2110, Bldg A, No. 58 Xinjian East Road,
 Min Hang District, Shanghai China 201100
 Type of Business: Distribution of Natural Rubber Products in PRC
 Telephone: 86 21 64137860
 Fax: 86 21 64137315
 Type of Interest: Equity
 Total interest held by STA: USD 5,000,000 or 100.0%



References

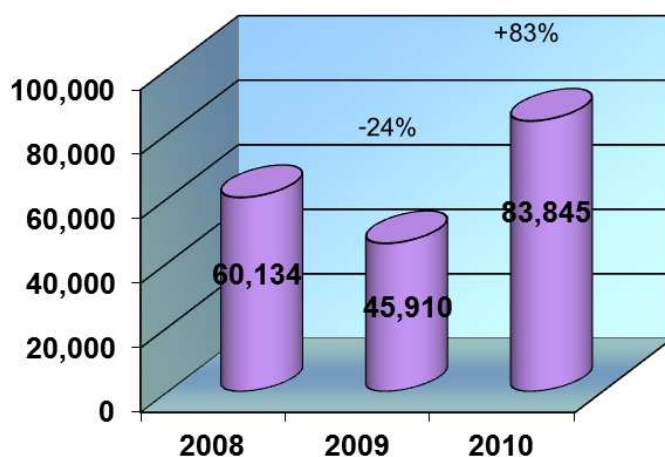
1. **Share Registrar**
Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building,
Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand
Telephone: 66-2229 2800
Fax: 66-2654 5427
TSD Call Center: 66-2229 2888
2. **Singapore Transfer Agent**
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone: 65-6536 5355
Fax: 65-6536 1360
3. **Auditor (Appointed on 28 June 2010)**
Mrs. Unakorn Phruithithada, Certified Public Accountant (Thailand) No. 3257; or
Mrs. Nattaporn Phan-Udom, Certified Public Accountant (Thailand) No. 3430; or
Mr. Boonlert Kamolchanokkul, Certified Public Accountant (Thailand) No. 5339
PricewaterhouseCoopers ABAS Limited
15th Floor, Bangkok City Tower
179/74-80 South Sathorn Road
Bangkok, 10120 Thailand
Telephone: 66-2344-1000, 66-2286-9999
Fax: 66-2286-5050
4. **Reporting Auditor**
Mr. Kevin Ohng (Partner-in-charge since 28 June 2010)
PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
8 Cross Street #17-00 PWC Building
Singapore 048424
Telephone: 65-6236-3388
Fax: 65-6236-3300

FINANCIAL HIGHLIGHTS

Consolidated Financial Statement (Unit : Baht Million)	2008	2009	2010
Sales and service income	60,134	45,909	83,845
Gross profit	2,917	3,534	5,166
Net profit	617	2,141	3,852
Total Assets	15,180	23,105	37,047
Shareholders' equity	5,407	7,368	10,414
Return on equity (%)	13.27	33.53	43.33
Return on total asset (%)	3.73	11.19	12.81

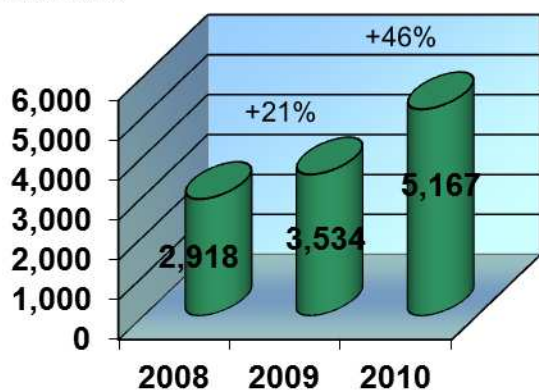
Revenue

million Baht



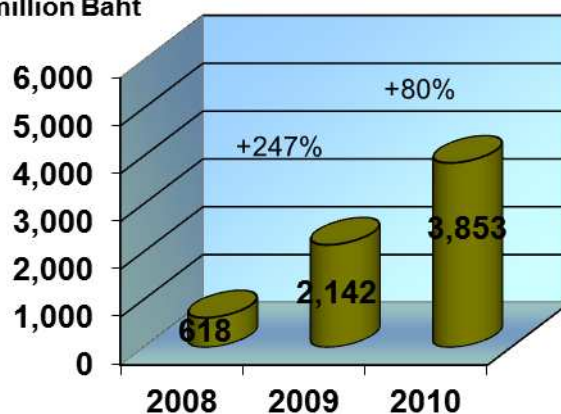
Gross Profit

million Baht

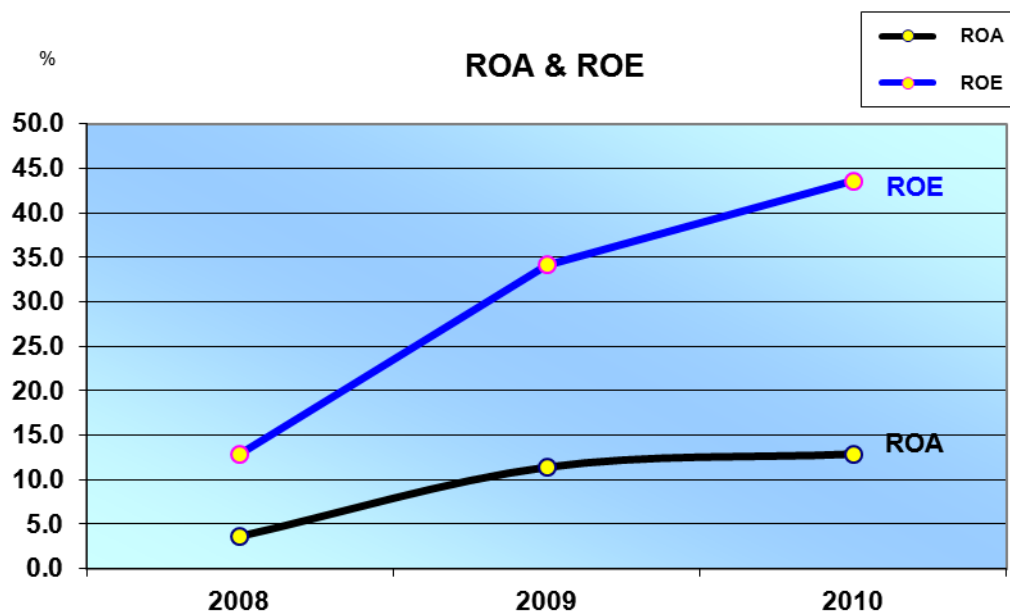


Net Income

million Baht



Return on assets "ROA" and Return on equity "ROE"



BOARD OF DIRECTORS

1. **Mr. Viyavood Sincharoenkul**

Chairman/ Managing Director

Age: 55 years

Academic Background - Ph.D. in Chemistry, Queen Elizabeth's College, University of London
 - Bachelor's Degree in Chemistry (First Class), Queen Elizabeth's College, University of London

Training Program -

Work Experience

2010 – present	« Chairman, STA
1993 – present	« Managing Director, STA
Present	« Director, Rubberland Products
Present	« Director, Nam Hua Rubber
Present	« Director, Sadao P.S. Rubber
Present	« Director, Thai Tech Rubber
Present	« Director, SSC
Present	« Director, Semperflex Asia
Present	« Director, Semperform Pacific
Present	« Director, Anvar Parawood
Present	« Director, Premier System Engineering
Present	« Director, Startex Rubber
Present	« Director, Starlight Express Transport
Present	« Director, Sri Trang Rubber & Plantation
Present	« Director, PT Sri Trang Lingga
2002 – present	« Director, Shanghai Sempermed
2005 – present	« Director, Semperflex Shanghai
Present	« Director, Sri Trang International
Present	« Director, Shi Dong Investments
Present	« Director, Sri Trang USA, Inc.
Present	« Director, Sempermed Singapore
2002 – present	« Director, Sempermed USA, Inc.
Present	« Director, Pattana Agro Futures
2003 – present	« Director, Shanghai Semperit
1987 - 1993	« Managing Director, Sri Trang Agro-Industry Co., Ltd.
1985 – 1987	« General Manager, Paktai Rubber

2. **Mr. Prasit Panidkul**

Vice Chairman/ Executive Director

Age: 63 years

Academic background Executive Micro MBA, Thammasat University

Training Program DAP 75/2008 by Thai Institute of Directors Association

Work Experience

1993 – present	« Vice-chairman, STA
Present	« Director, Nam Hua Rubber
Present	« Director, Sadao P.S. Rubber
Present	« Director, Premier System Engineering
Present	« Director, Starlight Express Transport
Present	« Director, Sri Trang Rubber & Plantation
Present	« Director, PT Sri Trang Lingga

1987 - 1993	« Vice-chairman, Sri Trang Agro-Industry Co., Ltd.
1986 - 1991	« Member of Trang Provincial Council, Trang Province
1975 - 1997	« Managing Partner, Trang Sahakarn Khonsong Ltd.

3. Mr. Chaiyos Sincharoenkul

Director/ Executive Director

Age: 59 years

Academic background	Executive Micro MBA, Thammasat University
Training Program	DAP 66/2007 by Thai Institute of Directors Association
Work Experience	<p>1993 - Present « Director, STA</p> <p>Present « Director, Rubberland Products</p> <p>Present « Director, Nam Hua Rubber</p> <p>Present « Director, Sadao P.S. Rubber</p> <p>Present « Director, Anvar Parawood</p> <p>Present « Director, Premier System Engineering</p> <p>Present « Director, Startex Rubber</p> <p>Present « Director, Starlight Express Transport</p> <p>Present « Director, Sri Trang Rubber & Plantation</p> <p>Present « Director, PT Sri Trang Lingga</p> <p>2002 - Present « Director, Shanghai Semperflex</p> <p>2005 - Present « Director, Semperflex Shanghai</p> <p>1987 - 1993 « Director, Sri Trang Agro-Industry Co., Ltd.</p> <p>1990 – 1992 « Member of Chamber of Commerce, Trang Province</p> <p>1970 – 1986 « Assistant Manager, TTR Production Division, Yang Thai Pak Tai Co., Ltd.</p>

4. Mr. Anan Pruksanusak

Director/ Executive Director

Age: 56 years

Academic background	Executive Micro MBA, Thammasat University
Training Program	DAP 66/2007 by Thai Institute of Directors Association
Work Experience	<p>1995 - Present « Director, STA</p> <p>Present « Director, Rubberland Products</p> <p>Present « Director, Nam Hua Rubber</p> <p>Present « Director, Sadao P.S. Rubber</p> <p>Present « Director, Anvar Parawood</p> <p>Present « Director, Premier System Engineering</p> <p>Present « Director, Startex Rubber</p> <p>Present « Director, Starlight Express Transport</p> <p>2005 - Present « Director, Semperflex Shanghai</p>

5. Mr. Kitichai Sincharoenkul

Director/ Executive Director/ Nomination Committee Member

Age: 51 years

Academic background - Master of Business Administration, Indiana State University, United States
- Bachelor in Economics, Thammasat University

Training Program - DAP 67/2007 by Thai Institute of Directors Association
- SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

Work Experience 2002 - Present « Executive Director, STA Bangkok branch
1995 - Present « Director, STA
Present « Director, Sadao P.S. Rubber
Present « Director, Siam Sempermed
Present « Director, Semperflex Asia
Present « Director, Semperform Pacific
Present « Director, Sri Trang Rubber & Pantation
2002 - Present « Director, Shanghai Sempermed
2005 – Present « Director, Semperflex Shanghai
Present « Director, Sri Trang International
Present « Director, Shi Dong Investments
Present « Director, Sri Trang USA, Inc.
Present « Director, Sempermed Singapore
1998 - Present « Director, Sempermed USA, Inc.
Present « Director, Pattana Agro Futures
1988 – 2006 « Branch Manager, STA
1984 – 1987 « Credit Department of Citibank

6. Mr. Veerasith Sinchareonkul

Director

Age: 26 years

Academic background Bachelor of Computer Science and Cybernetics, University of Reading, United Kingdom

Training Program DAP 85/2010 by Thai Institute of Directors Association

Work Experience 2010 – Present » Director, STA
2008 – Present » Corporate Credit Analyst, KASIKORNBANK PLC

7. Mr. Paul Sumade Lee

Director/ Executive Director

Age: 56 years

Academic background -Master of Business Administration, International Institute for Management Development, Lausanne, Switzerland
- Bachelor of Commerce University of New South Wales, (Sydney) Australia

Training Program SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

Work Experience	2010-Present	« Marketing Manager, STA
	2009 - Present	« Director, PT Star Rubber
	Present	« Director, Thai Tech Rubber
	Present	« Director, Shi Dong Investments
	2006 – Present	« Director, PT Sri Trang Lingga
	Present	« Director, Sri Trang USA, Inc.
	Present	« Director, and Vice Chairman, Sri Trang International

8. Mr. Prakob Visitkitjakan

Independent Director/ Chairman of Audit Committee/ Chairman of Remuneration Committee

Age: 70 years

Academic background

- Master of Business Administration, Indiana University, USA
- Bachelor of Science in Business (Honors), Indiana University, USA

Training Program

- Audit Committee Program (ACP) 27/2009 by Thai Institute of Directors Association
- Monitoring the Quality of Financial Reporting (MFR) 8/2009 by Thai Institute of Directors Association
- Monitoring Fraud Risk Management (MFM) 1/2009 by Thai Institute of Directors Association
- Chartered Director Class (CDC) 3/2008 by Thai Institute of Directors Association
- Director Certification Program (DCP) 33/2003 by Thai Institute of Directors Association
- Role of the Chairman Program (RCP) 5/2001 by Thai Institute of Directors Association
- SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

Work Experience

2008 - Present	« Chairman of Audit Committee, STA
2010 – Present	« Independent Director and Chairman of the Audit Committee, ARIP PLC.
2004 - Present	« Director, Lease It Co.,Ltd.
1999 - Present	« Director and Chairman of the Audit Committee, Siam City Cement PLC.
1993 - Present	« Independent Director, STA
1999 – 2008	« Audit Committee, STA
2006 - 2008	« Independent Director/ Audit Committee, Bank of Ayudhya Public Company Limited
1999 – 2002	« Executive Vice President, Bank of Ayudhya Public Company Limited
1995 – 1997	« Managing Director, Sahathanakit Thai Finance & Securities
1975 – 1995	« Executive Vice President, Bank of Ayudhya Public Company Limited

9. Mr. Kriang Yanyongdilok

Independent Director/ Audit Committee member/ Chairman of the Nomination Committee/
Remuneration Committee member

Age: 72 years

Academic background Bachelor of Science in Business Administration (Major in Accounting), Thammasat University

Training Program DAP 11/2004 by Thai Institute of Directors Association

Work Experience

1999 - Present	« Independent Director and Audit Committee, STA
2002 – 2005	« Audit Committee, Oishi Group PLC.
1985 – 1998	« Provincial Revenue, Area Revenue Office, Regional Revenue Office 3, Revenue Office
1968	« Ombudsman, third class, Revenue Office, Phuket
1965	« Class-three government official, Office of the Auditor-General of Thailand

10. Mr. Samacha Potavorn

Independent Director/ Audit Committee member/ Nomination Committee member/ Remuneration Committee member

Age: 67 years

Academic background - Master Degree in Governmental Administration, Thammasat University

- Thai barrister-at-law

Training Program - DAP 75/2008 by Thai Institute of Directors Association

- SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know

Work Experience

2008 - Present	« Independent Director and Audit Committee, STA
2006 – 2008	« Assistant Secretary of Ministry of Interior
2003 – 2004	« Governor, Phang-nga province
2002 – 2003	« Legal counsel, Ministry of Interior
1997 – 2000	« Assistant Permanent Secretary, Vice-Director of Southern Border Provinces Administration Center, Ministry of Interior
1997 – 2000	« Vice-Governor, Pattalung Province, Trang Province
1996 - 1997	« Permanent Secretary
1984 – 1996	« Sheriff
1969 – 1983	« Assistant District Officer

11. Mr. Neo Ah Chap

Director/ Independent Director

Age: 66 years

Academic background - Diploma in Accountancy, Perth Technical College

- Certified Public Accountant (Australia)

- Certified Public Accountant (Singapore)

Training Program - SGX Listed Companies Development Programme: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know



Work Experience

2010 - Present « Director and Independent Director, STA
 2009 - Present « Manager of NAC Consultancy Services
 1977 – 2009 « Marketing Director of Tan Chong & Sons Motor
 Company (Singapore) Private Limited

PERFORMANCE RESULTS OF THE COMPANY FOR THE YEAR 2010

As the growth in the global demand for natural rubber has increased satisfactorily, it was expected that its aggregate consumption in the world economy has increased from approximately 9.2 million tons in 2009 to 9.9 million tons in 2010 or 7 percent increase. Due to the fine growth in the economy of both developed countries and developing countries, particularly in the group of emerging countries, e.g. PRC, India, ASEAN and Brazil, the increase in the sales volume of vehicles was set to be a record. As a result, the demand for natural rubber in the automotive and tyre industry continually increased and this was the main reason that the price of the natural rubber in the global market has continually increased since the beginning of the year. According to these factors, the Group had a good growth rate for its sales volume with an increase of 11 percent, from 755,449 tons in 2009 to 840,462 tons in 2010, which was higher than the average growth of the industry.

- With regard to the marketing aspect of 2010, the sales channels have been well distributed. Other than the continual purchase orders from vehicle tyre companies group from PRC, the purchase orders from the conventional customers in the developed countries, such as Europe and America together with many countries in Asia, have also improved. The sales proportions categorized by region are as detailed below:

Region	2009		2010	
	Tons	Percent	Tons	Percent
International				
Asia	531,612.5	70.4	551,855.5	65.6
PRC	342,755.8		307,705.7	
India	32,563.1		41,813.9	
Japan	23,393.4		26,335.2	
Korea	16,590.0		25,436.1	
Other Countries	116,310.2		150,564.6	
America	61,176.7	8.1	84,680.2	10.1
Europe	42,669.1	5.6	55,406.7	6.6
Other Continents	4,879.7	0.7	3,456.2	0.4
Total (International)	640,338.0	84.8	695,398.6	82.7
Total (Domestic)	115,111.0	15.2	145,063.4	17.3
Total (Overall)	755,449.0	100.0	840,462.0	100.0

- The Group has continually expanded its production capacity of TSR block rubber both at the existing factories in the southern and north eastern regions of Thailand and at the factory at Palembang in Sumatra, Indonesia. The production capacity of STR and SIR Rubbers in 2010 has increased from 361,000 tons per year to 465,000 tons per year. In addition, the Group has constructed the second TSR rubber factory in the north eastern region at Buriram province in addition to the first factory in Nong Khai province; and the production line was on the test run in late 2010. The objective is to expand the production base into the new natural rubber resource area of Thailand. Such action is in line with the Government policy which promotes the expansion of rubber plantations in other regions which have a suitable location for rubber plantations. Natural rubber is considered a crop that brings a good return to the farmers.
- With regard to the two important associated companies in the downstream industry, sales volume in the high-pressure hydraulic hose business has increased significantly from 2009, whereas the latex examination glove business has maintained a steady demand and has had a good operational result despite the torrential floods in November 2010, which brought a disruption to the production line for a certain period of time, and the continued increase of the production cost throughout the year. Both associated companies implemented plans to increase production capacity, both at the existing location and at the new rubber glove factory in Surat Thani province, in response to global demand. It is expected that the revenue from increased production capacity will be realized from 2011 onwards.



- With regard to the upstream rubber plantation business, the Group has started to procure land in the northern region with an objective to materially expand the area of rubber plantations. In 2010, the Group procured 6,462 rai of green fields in addition to its already owned 3,479 rai. The Group also planted new additional rubber trees in Lampang province in an area of 1,550 rai. The plan to plant new rubber trees each year will be influenced by the seasonality factor, quantity and quality of the rubber sapling in possession. The rubber trees will have gestation period of seven years before generating the latex yield and will continue to produce until their thirtieth year. The Group then needs long-term funds to support its rubber plantation projects.
- The company has made internal reorganization in preparation for being listed on the SGX-ST involved the restructuring of the management, Board of Directors and auditor, by appointing Dr. Viyavood Sincharoenkul as the Chairman in addition to his current position as Managing Director and also appointed Mr. Somwang Sincharoenkul (ex-Chairman) as the Honorary Adviser. In addition, PricewaterhouseCoopers LLP was appointed as the auditor of the Company and its subsidiaries, as the said auditor has many offices worldwide and will be able to audit and provide opinions on the consolidated financial statements promptly and efficiently.
- Due to the strong and continued demand for the natural rubber and high price level, while the Company's current source of operational funds is mainly from its cash flow from operations and loans from financial institutions, the Company foresees the necessity in raising funds through the capital market via issuance of new ordinary shares. This is to enhance additional source of funds to support its growth and be in line with the direction of the industry and to strengthen its financial structure on a long-term basis.

Accordingly, the Company held its Extraordinary General Meeting of Shareholders on 28 June 2010, to request approval for the issuance and public offering of the shares. The approval has been obtained. The Company's registered capital has been increased from Baht 1,000,000,000 to Baht 1,280,000,000 through the issuance of 280,000,000 new ordinary shares with a par value of Baht one to institutional investors and the public in Singapore. The Company has an objective to use such funds received from the public offering in the following operations:

1. To acquire, build new and expand existing rubber processing facilities in order to increase the production capacity of the Group;
2. To pursue strategic acquisition opportunities as and when they arise, including acquisition of additional land for the cultivation of rubber trees and/or existing plantations; and
3. To use as general working capital of the Company.

Nevertheless, the Board of Directors decided to delay and withdraw the application for listing on the SGX-ST in August 2010 due to the volatility of the equity market at that time. However, the plan to list the shares on the SGX-ST was resumed in November 2010 and STA was able to list its shares on the SGX-ST on 31 January 2011.

NATURE OF BUSINESS

STA was established by our founders, Mr. Somwang Sincharoenkul and Dr. Viyavood Sincharoenkul in Thailand in 23 April 1987, as a private limited company with an initial registered capital of Baht 31 million to produce RSS in Hat Yai, Thailand. STA is a producer and exporter of natural rubber, which is one of the most important agricultural products in the southern part of Thailand. STA has continuously expanded its business to support the growth of the domestic and international rubber industries.

In 1991, we undertook an initial public offering exercise in Thailand and were listed on the SET on 22 August 1991. STA was converted as a public limited company in 27 December 1993. In January 2011, STA made an offering of its newly issued shares to the public (Public Offering) in Singapore, including institutional investors and listed its shares on the SGX-ST. At present, STA shares are listed securities on both the SET and SGX-ST (Dual Listing).

Since our inception as a natural rubber processor in Thailand, we have expanded our product mix, our production capacity and our geographical operations to become a dominant natural rubber supply chain operator with integrated end-to-end capabilities on a multi-national platform.

Significant Changes and Developments

Our significant changes and developments are as follows:

October 1987	Established Anvar Parawood for the production of rubber wood for the furniture industry.
March 1988	Established Rubberland Products for the production of Concentrated Latex, our Group's first processing facility producing Concentrated Latex.
January 1989	Jointly established SSC to produce latex examination gloves.
March 1990	Thai Tech Rubber was jointly established with Southland Rubber Co., Ltd and Itochu Corporation Limited increasing our product mix to include TSR.
January 1994	Starlight Express Transport was established to provide logistical support to our Group's business.
March 1994	Premier System Engineering was established to support our Group's research and development and provide engineering services.
May 1995	Jointly established Shanghai Semperit to produce escalator handrails.
September 1995	Established Startex Rubber to diversify upstream into the ownership of rubber plantations in the southern region of Thailand.
April 1998	Our Company started TSR production at our Thungsong facility.
April 2002	Sri Trang International was established in Singapore, a purchasing hub for key users of natural rubber, for the distribution of the Natural Rubber Products that we sell globally.
March 2004	Established Sri Trang USA to focus on the distribution of the Natural Rubber Products that we sell in the United States.



July 2004	We expanded substantially in the PRC by establishing our sales teams in Qingdao and Shanghai to conduct direct sales of the Natural Rubber Products that we sell and to provide after sales services to our customers within the PRC.
January 2005	We established PT Sri Trang Lingga, our first natural rubber procurement and processing capability outside of Thailand.
December 2007	Sri Trang Rubber & Plantation was established to manage the ownership of rubber plantations in northern Thailand.
May 2008	Established Sempermed Singapore with Semperit Technische for the acquisition of Sempermed Brazil, our examination glove distributor in Brazil.
August 2009	We established PT Star Rubber to acquire our second Indonesian TSR processing facility.
August 2010	We established our first PRC subsidiary, Shi Dong Shanghai, in Shanghai, to expand our presence in the PRC.
January 2011	STA made an offering of its newly issued shares to the public (Public Offering) in Singapore, including institutional investors and listed its shares on the SGX-ST.

Other significant events in the operational history of our Group are as follows:

April 1987	Commenced operations producing ribbed smoked sheets in Hat Yai, Thailand with an initial registered capital of Baht 31.0 million.
December 1994	Our subsidiary, Nam Hua Rubber, commenced production of Concentrated Latex.
March 1996	Jointly founded Semperflex Asia which commenced the production of highpressure hydraulic hoses.
March 1996	Jointly established Semperform Pacific which produces rubber and plastic parts.
April 1998	Sempermed USA was jointly established to manage the sales and marketing of examination gloves which are used for medical and industrial purposes and Other Finished Products in the United States.
July 2005	Semperflex Shanghai was jointly established to commence production of high-pressure hydraulic hoses in the PRC.
February 2007	Our subsidiary, Sri Trang International, was awarded the first prize in the top trading volume award by the Singapore Commodity Exchange Limited.
December 2007	Our subsidiary, Sri Trang International, received the Supplier Partnership and Appreciation Day award from Goodyear Orient (Private) Company Limited.
February 2008	Our subsidiary, Sri Trang International, was awarded the second prize in the top trading volume award by the Singapore Commodity Exchange Limited.
October 2008	Jointly acquired Sempermed Brazil, which distributes examination gloves

which are used for medical and industrial purposes in Brazil.

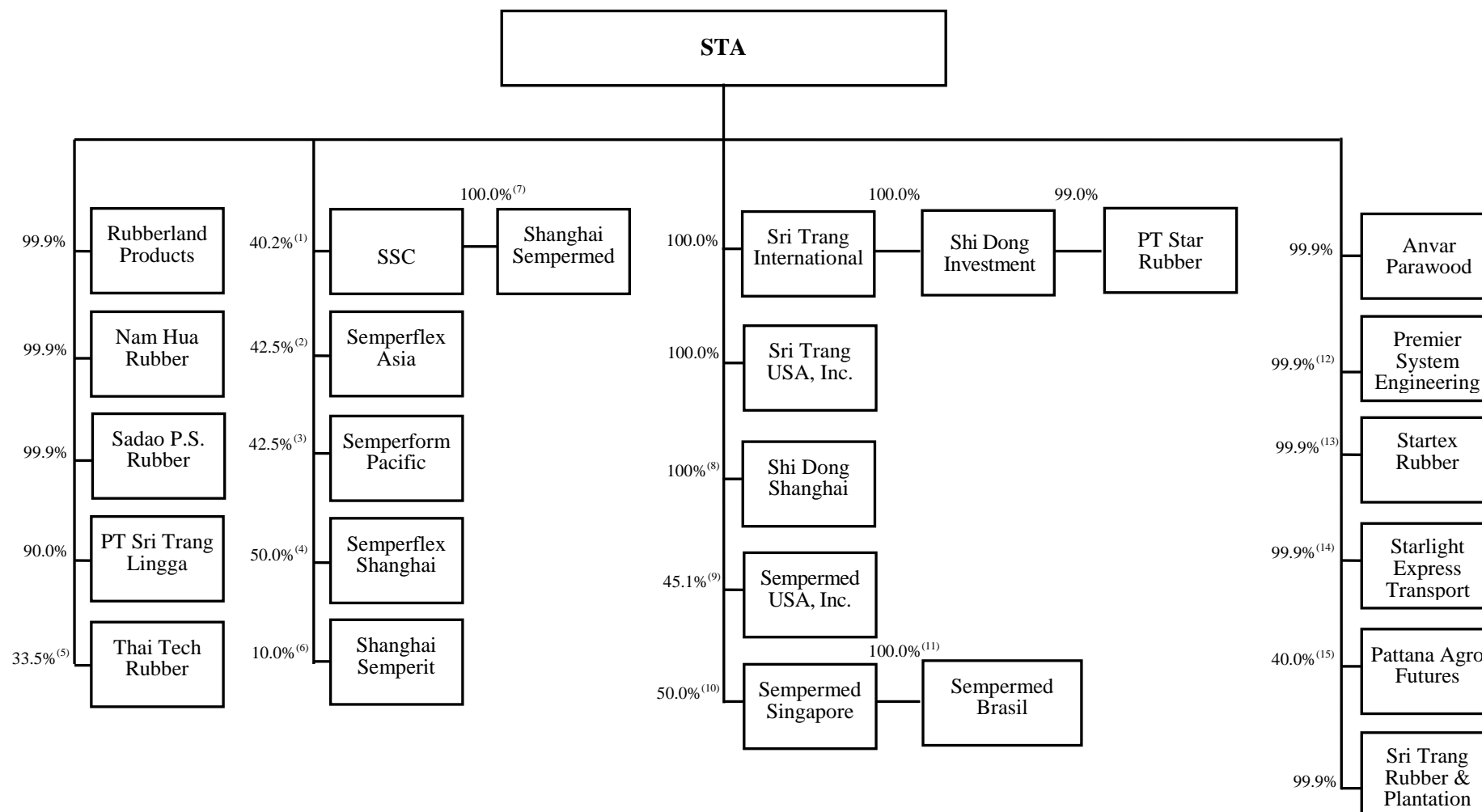
December 2009

Our Company received the Prime Minister's Export Award 2009 (Best Exporter) for being the top Thai exporter into the PRC market by export volume under the Natural Rubber category.



Group Structure

The group structure of the Company as of 31 December 2010 is shown in the diagram below.



Notes:

- (1) STA is interested in an aggregate of approximately 40.2% of the total voting rights in SSC, comprising a direct interest of approximately 31.5% and an indirect interest of approximately 8.7% through our subsidiary Rubberland Products. Semperit Technische (50.0%), STH (6.0%) and five individuals, namely, Ms. Poonsuk Cherdkiatgumchai (3.7%), Mr. Puang Cherdkiatgumchai (2 shares), Mr. Somwang Sincharoenkul (2 shares), Dr. Viyavood Sincharoenkul (2 shares) and Mr. Kitichai Sincharoenkul (2 shares), hold the remaining interest in SSC.
- (2) STA is interested in an aggregate of approximately 42.5% of the total voting rights in Semperflex Asia, comprising a direct interest of approximately 37.5% and an indirect interest of approximately 5.0% through our subsidiary Rubberland Products. Semperit Technische (50.0%), STH (5.0%), Paktai Rubber (2.5%) and seven individuals, namely, Ms. Poonsuk Cherdkiatgumchai (2 shares), Mrs. Promsuk Sincharoenkul (2 shares), Mr. Somwang Sincharoenkul (2 shares), Dr. Viyavood Sincharoenkul (2 shares), Mr. Chaiyos Sincharoenkul (2 shares), Mr. Anan Pruksanusak (2 shares) and Mr. Prasit Panidkul (2 shares), hold the remaining interest in Semperflex Asia.
- (3) STA is interested in an aggregate of approximately 42.5% of the total voting rights in Semperform Pacific, comprising a direct interest of approximately 37.5% and an indirect interest of approximately 5.0% through our subsidiary Rubberland Products. Semperit Technische (50.0%), STH (5.0%), Paktai Rubber (2.5%) and seven individuals, namely, Ms. Poonsuk Cherdkiatgumchai (1 share), Mrs. Promsuk Sincharoenkul (1 share), Mr. Somwang Sincharoenkul (1 share), Dr. Viyavood Sincharoenkul (1 share), Mr. Chaiyos Sincharoenkul (1 share), Mr. Anan Pruksanusak (1 share) and Mr. Prasit Panidkul (1 share), hold the remaining interest in Semperform Pacific. Semperform Pacific ceased its business operations at the end of 2009 and is currently dormant. The Company and Semperit Technische intend to wind up Semperform Pacific.
- (4) STA and Semperit Technische directly own 50.0% each of the total paid-up capital in Semperflex Shanghai. Semperflex Shanghai is licensed to operate for a term of 50 years from 14 July 2005. 180 days prior to the expiry of such term, an application may be submitted to the relevant authorities for an extension. If the term is not extended, Semperflex Shanghai will be liquidated upon expiry and proceeds from the sale of its assets will be returned to its shareholders after its creditors are paid.
- (5) STA directly owns 33.5% of the total number of issued shares in Thai Tech Rubber. Southland Rubber Co., Ltd. and Itochu Corporation Limited own 33.5% and 33.0% of the total number of issued shares in Thai Tech Rubber respectively. The remaining shares in Thai Tech Rubber are held by Mr. Perm Theerasarnwong (1 share), Mr. Thanasak Charnsanti (1 share), Dr. Viyavood Sincharoenkul (1 share) and Mr. Chaiyos Sincharoenkul (1 share).
- (6) STA holds 10.0% of the total paid-up capital in Shanghai Semperit, and Semperit Technische holds the remaining 90.0% of the total paid-up capital. Shanghai Semperit is licensed to operate for a term of 50 years from 10 May 1995. 180 days prior to the expiry of such term, an application may be submitted to the relevant authorities for an extension. If the term is not extended, Shanghai Semperit will be liquidated upon expiry and proceeds from the sale of its assets will be returned to its shareholders after its creditors are paid.
- (7) SSC holds the entire paid-up capital in Shanghai Sempermed. Shanghai Sempermed is licensed to operate for a term of 50 years from 28 November 1995. 180 days prior to the expiry of such term, an application may be submitted to the relevant authorities for an extension. If the term is not extended, Shanghai Sempermed will be liquidated upon expiry and proceeds from the sale of its assets will be returned to its shareholders after its creditors are paid.
- (8) Shi Dong Shanghai is licensed to operate for a term of 30 years from 2 August 2010. 180 days prior to the expiry of such term, an application may be submitted to the relevant authorities for an extension. If the term is not extended, Shi Dong Shanghai will be liquidated upon expiry and proceeds from the sale of its assets will be returned to its shareholders after its creditors are paid.
- (9) STA directly owns 25.0% of the total number of issued shares in Sempermed USA. SSC owns 50.0% of the total number of issued shares in Sempermed USA. The remaining 25.0% of the total number of issued shares in Sempermed USA are held by Semperit Technische.
- (10) STA and Semperit Technische directly own 50.0% each of the total number of issued shares in Sempermed Singapore.
- (11) Sempermed Singapore directly owns approximately 100.0% of the total paid-up capital in Sempermed Brazil, and Semperit Industrial Products Singapore Private Limited holds the remaining 1 quota in Sempermed Brazil.
- (12) STA is interested in an aggregate of approximately 99.9% of the total voting rights in Premier System Engineering, comprising a direct interest of approximately 81.9% and indirect interests of approximately 16.0% and 2.0% through our subsidiaries, Rubberland Products and Sadao P.S. Rubber respectively.
- (13) STA is interested in an aggregate of approximately 99.9% of the total voting rights in Startex Rubber, comprising a direct interest of approximately 83.9% and an indirect interest of approximately 16.0% through our subsidiary, Rubberland Products.



- (14) STA is interested in an aggregate of approximately 99.9% of the total voting rights in Starlight Express Transport, comprising a direct interest of approximately 76.6% and indirect interests of approximately 13.3%, 3.3%, 3.3% and 3.3% through our subsidiaries Rubberland Products, Nam Hua Rubber, Sadao P.S. Rubber and Startex Rubber respectively.
- (15) STA directly owns 40.0% of the total number of issued shares in Pattana Agro Futures. Lee Feed Mill Public Company Limited owns 44.5% of the total number of issued shares in Pattana Agro Futures, and the remaining shares in Pattana Agro Futures are held by Wallstreet Tower Company Limited (6.3%), Mr. Preecha Leelasithorn (8.8%), Mr. Nipon Leelasithorn (0.5%), Mr. Suthep Sutheparak (10 shares), Mr. Karoon Chanmingporn (10 shares) and Mr. Mongkol Moosunyaluck (10 shares)

Revenue

The revenue from sales and services according to the consolidated financial statements ended 31 December 2008, 2009 and 2010 are shown below:

Details	Year ended 31 December					
	2008		2009		2010	
	Baht million	%	Baht million	%	Baht million	%
Revenue breakdown by product segment						
TSR	38,523.75	64	30,584.77	67	58,909.15	70
RSS	14,034.93	23	8,677.45	19	15,046.48	18
Concentrated Latex	6,363.89	11	5,313.98	11	8,168.80	10
Others ¹	1,211.62	2	1,333.56	3	1,720.89	2
Total revenue from sales and services	60,134.19	100	45,909.76	100	83,845.32	100

Source: Consolidated financial statements prepared in accordance with the Thai GAAP

Note: 1. Comprises revenue from (i) the sale of dried rubber wood and wood packing products and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties.

Competition












The main natural rubber producing and exporting countries are Thailand, Indonesia and Malaysia. The majority of rubber processors and exporters in such countries are relatively small in scale and do not possess the same scale of operations, technical and product development capabilities as us. We are a dominant natural rubber supply chain operator carrying out our business operations on a multinational platform. We believe that there are currently no companies that are directly comparable to us in terms of business model and scale of business operations. To the best of our knowledge, we believe that our main competitors are primarily larger natural rubber processors and exporters such as Von Bundit Company Limited, Southland Group and Thai Hua Rubber Public Company Limited based in Thailand, The Tat Lee Group and The Kirana Group based in Indonesia, and Lee Rubber Group based in Malaysia and Indonesia.

We believe that the major competitive factors in the natural rubber processing industry include product quality, production capability and capacity, economies of scale, customer service, product pricing, geographical presence and management capability.



BUSINESS OVERVIEW

Type of Products

Major Product Types	Applications
 <p>Ribbed Smoked Sheet</p> <ul style="list-style-type: none"> • 5 grades of Ribbed Smoked Sheets (RSS) 1, 2, 3, 4 and 5 • ADS (Air Dried Sheet) 	<ul style="list-style-type: none"> • Raw material in the automobile tyre industry, parts of automobile, belt, pipe, and shoes etc.
 <p>Block Rubber</p> <ul style="list-style-type: none"> • 4 types of products; STR 10, STR 20, STR5L and STR CV • SIR (Production in Indonesia) 	<ul style="list-style-type: none"> • Raw material in the automobile tyre industry, and used as substitute to grade-3 rubber smoked sheet
 <p>Concentrated Latex</p> <ul style="list-style-type: none"> • 60% concentrated latex 	<ul style="list-style-type: none"> • Raw material in the productions of latex examination gloves, condoms, and elastic rubber threads, etc.
Finished Products	Service & Other Business
 <p>Medical Examination Glove</p>	 <p>Rubber and Oil Palm Plantation</p>
 <p>Rubber and Plastic Parts</p>	 <p>Transportation Services</p>
 <p>High-Pressure Hydraulic Hoses</p>	 <p>Engineering Services</p>
 <p>Escalator Handrails</p>	 <p>Rubber Wood Production</p>

The Company's products consist of:

- Rubber Smoked Sheet (RSS), which can be classified into four categories; Rubber smoked sheets grade 2, 3, 4, and 5. Rubber Smoked Sheets are classified by the quality of each sheet. Rubber Smoked Sheets are used as a raw material in the production of other products including automobile tyres, pipes, shoes and parts of automobiles, etc.
- Block Rubber is classified into three main categories; STR 20, STR 10, and SIR 20. Like Rubber Smoked Sheets, Block Rubber is used as a raw material in the production of other products. The largest consumption of the products comes from the automobile tyre industry. In general, the qualifications of STR 20 can be used to substitute grade-3 RSS.
- Concentrated Latex with 60% concentration can be used as a raw material in the production of other products such as latex examination gloves, condoms, and elastic rubber thread.

Primary products of the Company are intermediate materials used as inputs in the production of finished products. Most of the demand for the Company's primary products comes from the automobile tyre industry, depending on the global economic conditions. Good economic conditions will increase the purchasing power, especially on the motor vehicle products and commercial vehicles. For Concentrated Latex, the main consumption of concentrated latex is latex examination gloves, condoms, and elastic threads. Since the consumption of those products tends to increase, the demand for concentrated latex has a positive growth rate as well. However, the production of natural rubber depends on the seasonal climate. Rubber output normally decreases between March and May and increases between December and February each year. To cope with such seasonal supply constraint, the marketing department manages to acquire orders to match the Company's capacity, while the company can still gain margins from appropriate pricing.



RISK FACTORS

Our Company is exposed to a number of risks that may affect its business and the value of its shares. The following sets out some of the significant risks that may affect the Company. However, there are some risks that may be unknown to the Company and other risks that the Company currently considers to be immaterial. These risks could have an impact upon the operation of the Company in the future.

1. Risks Relating to Our Industry and Our Business

Prices of commodities in general, including natural rubber, are susceptible to price fluctuations.

Prices of commodities in general, including natural rubber, have been volatile and we, like other participants in the natural rubber industry, have limited influence over the timing and extent of the price changes for natural rubber. The price of natural rubber and the Natural Rubber Products that we sell, like most commodities, are affected by a number of factors including but not limited to the following:

- *Supply and demand for natural rubber* — An increase in the supply of natural rubber or a decrease in world consumption levels of natural rubber could result in an oversupply which could in turn result in a decrease in average selling prices of the Natural Rubber Products that we sell;
- *Prices of crude oil, energy and oil-based chemicals* — Crude oil prices may affect the prices of natural rubber and other input materials such as oil-based chemicals used in rubber processing. In addition, the prices of synthetic rubber usually move along with crude oil prices, and the price fluctuations of synthetic rubber affects the pricing and demand for natural rubber;
- *Currency movements* — As natural rubber is traded mainly in US Dollars, any fluctuations in the natural rubber exporting currencies against US Dollars may result in corresponding fluctuations in natural rubber prices in the relevant exporting countries;
- *Speculation* — As natural rubber and certain of the Natural Rubber Products that we sell are traded at various commodity future exchanges, they are susceptible to price speculation in addition to local and global economic factors; and
- *Government intervention* — The governments of natural rubber producing countries such as Thailand, Indonesia and Malaysia may from time to time introduce policies to support the natural rubber industry in their respective countries. For example, the Thai government has in the past operated a price intervention scheme with the objective of supporting the price of natural rubber. As a result of such price intervention scheme, our profit was adversely affected. The Indonesian government had imposed export quotas in relation to natural rubber in 2009, in response to the drop in the price of natural rubber, which restricted our ability to operate our factories in Indonesia at full capacity.

Other unpredictable factors which affect the price of natural rubber and the Natural Rubber Products that we sell include economic growth rates, foreign and domestic interest rates and trade policies.

If we are unable to pass on any increase in raw material costs to our customers and/or suppliers, our profitability may be adversely affected. If the market prices of the Natural Rubber Products that we sell were to decline, our business, financial condition and results of operations could be materially and adversely affected.

A significant portion of the sales of the Natural Rubber Products that we sell are for use in the tyre manufacturing industry which exposes us to downturns in this industry.

The Natural Rubber Products that we sell include RSS, TSR and Concentrated Latex. Global demand for such products, in particular TSR, is dependent significantly upon the tyre manufacturing industry. Our customers include tyre manufacturers in the emerging markets such as the PRC and India and leading global tyre manufacturers. The majority of our sales of Natural Rubber Products are made to tyre manufacturers. If the level of activity in the tyre manufacturing industry declines, the demand for the Natural Rubber Products that we sell may decrease and our business, financial condition and results of operations may be adversely affected.

Our business, financial condition and results of operations may be adversely affected by fluctuations in exchange rates and foreign exchange controls.

While our financial reporting currency is Baht and our raw material purchases for the Natural Rubber Products that we produce are transacted in Baht and Indonesian Rupiah, a majority of our export revenue is denominated in US Dollars. Our Shares will also be quoted in Singapore dollars on the SGX-ST while dividends, if any, will be paid in Baht. Fluctuations in the exchange rates between the Baht, Indonesian Rupiah, US Dollar, Singapore dollar or other currencies, could adversely affect our business, financial condition and operating results as well as the foreign currency value of any dividend distributions. Additionally, any fluctuations in the exchange rates between the Baht, Indonesian Rupiah and Malaysian Ringgit could adversely affect our price competitiveness in relation to other natural rubber processors from Indonesia and Malaysia.

We attempt to mitigate foreign exchange risks using forward foreign exchange contracts and foreign exchange options to hedge our foreign exchange exposures arising from purchase and sale of products in currencies other than Baht. Should we be unable to successfully hedge our foreign exchange exposures, we may have a greater exposure to foreign exchange fluctuations and our financial condition and results of operations may be adversely affected.

Our Group is dependent upon the services of key management staff.

One of the key reasons for the growth of our Group has been our ability to attract and retain a team of experienced professional managers. Our continued success will depend on our ability to retain key management staff, such as Dr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul and Mr. Paul Sumade Lee, and to attract and train new managers. If members of our senior management team are unable or unwilling to continue in their present positions, we may not be able to hire satisfactory replacements and our business may be adversely affected. In addition, the process of hiring new managers with the required combination of skills and attributes may be time-consuming and competitive. We may not be able to attract additional qualified persons to complement our expansion plans. As a result, our business and results of operations may be adversely affected.

We are a capital intensive business and our operations could be adversely affected if we fail to maintain sufficient levels of working capital.

We expend a significant amount of cash in our operations, principally on the purchase of raw materials such as unsmoked rubber sheets, cup lumps and field latex, the Natural Rubber Products which we purchase from third party producers and our joint venture entity, Thai Tech Rubber, from time to time, to meet demand from customers, and the storage of the Natural Rubber Products to facilitate our sales in overseas markets. The working capital cycle for the Natural Rubber Products that we produce, from the purchase of raw materials to the receipt of payment from our customers, is approximately two to four months. We may also require substantial capital expenditures to maintain, upgrade and expand our processing and storage facilities, logistics services and other facilities to keep pace with competitive developments, technological advances



and changing safety and environmental standards in our industry. We fund our operations principally through cash flow from our operations and short and long-term bank loans.

As at 31 December 2010, we had cash and cash equivalents of approximately Baht 1,774.0 million and the majority of our total borrowings comprised short-term borrowings. We can provide no assurance that we will not experience negative cash and cash equivalents in the future. In the event that we are unable to obtain or secure sufficient borrowings or generate sufficient revenue from our operations, or if we fail to maintain sufficient cash, we may not have sufficient cash flow to fund our operations and our business and operating results will be adversely affected.

Difficult conditions in the global credit markets could adversely impact the cost or other terms of our existing financing.

As at 31 December 2010, we have an aggregate of Baht 23,276.3 million in short and long term bank loans, accounting for approximately 87.9 percent and 12.1 percent of the aggregate amount of bank loans respectively, with interest rates ranging from 1.1 percent to 11.5 percent per annum depending on the currency on which the loans are denominated. Difficult conditions in the global credit markets could adversely impact the cost or other terms of our existing financing as well as our ability to obtain new credit facilities or access the capital markets on favourable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in our business relative to competitors with lower amounts of indebtedness.

We may be affected by adverse weather conditions and/or diseases which could lead to price fluctuations and an increase in our operating costs.

Unsmoked rubber sheets, cup lumps and field latex are the primary raw materials for Natural Rubber Products. The availability of these raw materials from suppliers, as well as our ability to harvest field latex from our own rubber plantations in the future, may be adversely affected by unfavourable weather conditions such as drought, floods, prolonged periods of rainfall, storms etc. and/or diseases which has infected the rubber plantations from which suppliers purchase the raw materials or our own rubber plantations in the future. Such events, especially if continued for a prolonged period, could affect the overall yield of such raw materials and consequently lead to price fluctuations. Any substantial decrease in the supply of, and increase in the cost of, raw materials could increase our operating costs, affect our production capacity and consequently have a material adverse effect on our business, financial condition and results of operations.

There may be disruptions at our processing facilities as well as the processing facilities of our associates and joint venture entity which would have an adverse effect on our operations and those of our associates and joint venture entity.

Our production processes and those of our associates and joint venture entity require significant use of resources such as water and electricity to power our processing facilities and those of our associates and joint venture entity. Natural disasters, acts of God, a shortage of labour, major or sustained disruptions in the supply of utilities such as water or electricity and other calamities or events beyond our control. Such as the torrential floods occurred in southern Thailand in November 2010 may lead to significant disruption or a cessation in processing at our processing facilities and those of our associates and joint venture entity. Such disruptions would have an adverse effect on our operations and those of our associates and joint venture entity and would result in longer lead-time for processing and delayed delivery to customers.

Our Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations.

Our Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. Our Group's principal environmental concerns relate primarily to the discharge of effluent resulting from the processing of natural rubber. Any environmental

claims or the failure to comply with any present or future regulations could result in the assessment of damages or the imposition of fines, the suspension or a cessation of our Group's operations.

Environmental regulations and social practices in the countries in which our Group operates tend to be less stringent than those in developed countries. It is possible that these regulations and/or social practices could become more stringent in the future and consequently have an adverse effect on our operations and financial condition. Any failure to comply with the laws and regulations could subject our Group to liabilities which may affect our business, financial condition, results of operations and prospects.

The demand for Natural Rubber Products could be affected by the emergence of synthetic rubber substitutes.

In 2010, our sales of Natural Rubber Products, which are produced from natural rubber, accounted for 98% of our Group's revenue for the financial year ended 31 December 2010. There are a variety of synthetic rubber substitutes available in the market which can be used as substitutes for natural rubber in the manufacture of rubber products. Factors such as increased global demand for rubber, volatile pricing of natural rubber, long transport distances, risks of supply disruption driven by political events, regional constraints and seasonal supply patterns may lead to an increase in demand for such synthetic rubber substitutes. Any resulting decrease in demand for Natural Rubber Products may have a material adverse effect on our business, financial condition and results of operations.

Expiry of concessionary tax rates and/or exempt tax status for certain of our subsidiaries and associates will have an adverse impact on our profitability.

Our subsidiary, Sri Trang International, enjoys certain tax benefits under the Global Trader Programme launched by International Enterprise Singapore, pursuant to which Sri Trang International is only taxed on 10.0% of its qualifying income (i.e. income which is derived from offshore sales or sales to companies under the Global Trader Programme).

In addition, our Company and certain of our subsidiaries and associates which are incorporated in Thailand have been granted certain privileges, including exemption from certain taxes, at various times by the Board of Investment of Thailand, in relation to our respective operations

In the event of any expiry of such tax benefits, Sri Trang International, our Company and our relevant subsidiaries and associates which are incorporated in Thailand will be liable to the applicable taxes at the prevailing rates and accordingly, there will be an adverse impact on our profitability.

2. Risks Relating to the Countries in Which We Operate

Economic, political, legal and regulatory conditions in the countries in which we operate may materially and adversely affect our business, financial condition, results of operations, prospects and the market price of our Shares.

We have operations in and investments in countries such as Thailand, Indonesia, Singapore and the PRC. Accordingly, we are subject to the risks associated with our business activities in these countries. Our business, financial condition, results of operations and prospects may be materially and adversely affected by a variety of conditions and developments in these countries including:

- inflation, interest rates and general economic conditions;
- civil unrest, military conflict, terrorism, change in political climate and general security concerns;



- changes in legal and regulatory conditions;
- changes in duties payable and taxation rates;
- natural disasters;
- imposition of restrictions on foreign currency conversion or the transfer of funds; or
- expropriation or nationalisation of private enterprise or confiscation of private property or assets.

Should any of the aforesaid risks materialise and we are unable to adapt our business strategies or operations accordingly, our business, financial condition, results of operations and prospects may be materially and adversely affected.

CAPITAL STRUCTURE AND MANAGEMENT

Capital Structure

Information on Share Capital and Shareholding of STA

As of 7 March 2011

Share Capital

Authorised Share Capital	:	Baht 1,280,000,000
Issued and fully paid-up Share Capital	:	Baht 1,280,000,000 (representing 1,280,000,000 ordinary shares with a par value of Baht 1 each)
Class of Shares	:	Ordinary shares with a par value of Baht 1 each
Voting Rights	:	One vote per share

Distribution of Shareholdings

As of 7 March 2011

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 999	1,708	12.86	713,506	0.06
1,000 – 10,000	8,704	65.55	34,222,092	2.67
10,001 – 1,000,000	2,770	20.86	185,602,961	14.50
1,000,0001 and above	96	0.72	1,059,461,441	82.77
Total	13,278	100.00	1,280,000,000	100.00

Note: Includes shareholders holding through CDP

Public Float

Based on information available to the Company, approximately 59.47% of the Company's shares are held in the hands of the public as of 7 March 2011. Accordingly, the Company has complied with Rule 723 of the Listing Manual.

Substantial Shareholders (Holding 5% and above) (As of 7 March 2011)

	Direct interest		Deemed interest	
	Number of shares	%	Number of shares	%
STH ⁽¹⁾	246,852,060	19.29	-	-
Dr. Viyavood Sincharoenkul ⁽²⁾	168,523,970	13.17	255,302,060	19.9

Notes;

- (1) The largest group of shareholders in STH is the Sincharoenkul family which holds 4,697,280 shares, representing 53.4% of the total issued and paid up shares in STH. Dr. Viyavood Sincharoenkul is interested in approximately 31.7% of the total issued and paid up shares in STH. Certain directors of STH are also directors of our Company
- (2) Dr. Viyavood Sincharoenkul is deemed interested in the 8,450,000 shares held by his wife and the 246,852,060 shares held by STH.

Top Ten Largest Shareholders on the records of TSD

Top ten largest shareholders of STA according to the latest book closure date as of 7 March 2011, are as follows:

	Name	No. of Shares	%
1.	STH	246,852,060	19.29
2.	CDP	193,214,000	15.10
3.	Dr. Viyavood Sincharoenkul	168,523,970	13.17
4.	Mr. Aram Sirisuwat	62,068,060	4.85
5.	Thai NVDR Co., Ltd	43,180,191	3.37
6.	HSBC (Singapore) Nominees Pte Ltd.	25,378,325	1.98
7.	Mr. Veerasith Sinchareonkul	22,441,000	1.75
8.	Mr. Somwang Sincharoenkul	18,913,305	1.48
9.	Somers (U.K.) Limited	15,572,500	1.22
10.	Mr. Kitichai Sincharoenkul	14,250,000	1.11
	Total	810,393,411	63.32

Note: Information obtained from TSD

Top Twenty Largest Shareholders of STA

Based on information available to STA, the top twenty largest shareholders of STA as of 7 March 2011 are as follows:

	Name	No. of Shares	%
1.	STH	246,852,060	19.29
2.	Dr. Viyavood Sincharoenkul	168,523,970	13.17
3.	Mr. Aram Sirisuwat	62,068,060	4.85
4.	HSBC (Singapore) Nominees Pte Ltd.	50,354,325	3.93
5.	Citibank Nominees Singapore Pte Ltd	45,231,000	3.53
6.	Thai NVDR Co., Ltd	43,180,191	3.37
7.	Raffles Nominees (Pte) Ltd	33,470,000	2.61
8.	Mr. Veerasith Sinchareonkul	22,441,000	1.75
9.	Mr. Somwang Sincharoenkul	18,913,305	1.48
10.	DBSN Services Pte Ltd	17,426,000	1.36
11.	Somers (U.K.) Limited	15,572,500	1.22
12.	Swordfish Investments Pte Ltd	14,700,000	1.15
13.	Mr. Kitichai Sincharoenkul	14,250,000	1.11
14.	Mr. Tsai Wu-Ying	13,183,420	1.03
15.	Southland Rubber Co., Ltd.	11,605,920	0.91
16.	UOB Kay Hian Private Limited	11,130,000	0.87
17.	American International Assurance Company, Limited - Tiger	10,258,900	0.80
18.	American International Assurance Company, Limited - APEX	10,000,000	0.78
19.	Citibank Nominees Singapore Ptd Ltd-Mantaray Investment (Mauritius) Ptd Ltd	10,000,000	0.78
20.	Mr. Prasit Panidkul	9,181,475	0.72
	Total	828,342,126	64.71

Note: Information obtained from TSD and CDP

Directors' Interests

The Directors holding office as of 31 December 2010 had the following interests in the ordinary shares of the Company as of 21 January 2011 below:

Name	As of 21 January 2011	
	Direct interest	Deemed interest
Dr. Viyavood Sincharoenkul ^{(1), (2)}	168,523,970	255,302,060
Mr. Prasit Panidkul	9,181,475	-
Mr. Chaiyos Sincharoenkul ⁽³⁾	7,410,825	4,300,000
Mr. Anan Pruksanusak	100,000	-
Mr. Kitichai Sincharoenkul ⁽⁴⁾	14,250,000	3,246,500
Mr. Paul Sumade Lee ⁽⁵⁾	8,906,955	18,615,075
Mr. Veerasith Sinchareonkul	22,441,000	-
Mr. Prakob Visitkitjakarn ⁽⁶⁾	450,060	17,940
Mr. Kriang Yanyongdilok	-	-
Mr. Samacha Potavorn	-	-
Mr. Neo Ah Chap ⁽⁷⁾	-	1,100,000

Notes:

- (1) The largest group of shareholders in STH is the Sincharoenkul family which holds 4,697,280 shares, representing 53.4% of the total issued and paid-up shares in STH. Dr. Viyavood Sincharoenkul is interested in approximately 31.7% of the total issued and paid-up shares in STH. Certain directors of STH are also directors of our Company.
- (2) Dr. Viyavood Sincharoenkul is deemed interested in the 8,450,000 shares held by his wife and the 246,852,060 Shares held by STH.
- (3) Mr. Chaiyos Sincharoenkul is deemed to be interested in the 4,300,000 shares held by his wife.
- (4) Mr. Kitichai Sincharoenkul is deemed to be interested in the 3,246,500 shares held by his wife.
- (5) Mr. Paul Sumade Lee is deemed to be interested in the 18,615,075 shares held by his wife.
- (6) Mr. Prakob Visitkitjakarn is deemed to be interested in the 17,940 shares held by his wife.
- (7) Mr. Neo Ah Chap is deemed interested in 1,100,000 shares held through Thai NVDR Co., Ltd.

List of Direct Interests of Each Director as of 31 December 2010

Name	Direct Interests	Number of Shares	Increase (decrease) during the accounting period
Dr. Viyavood Sincharoenkul	STA	168,523,970	-
	Nam Hua Rubber	1	-
	Sadao P.S Rubber	1	-
	Thai Tech Rubber	1	-
	Anvar Parawood	1	-
	Premier System Engineering	1	-
Mr. Prasit Panidkul	Sri Trang Rubber & Plantation	1	-
	STA	9,181,475	(2,860,500)
Mr. Chaiyos Sincharoenkul	Sri Trang Rubber & Plantation	1	-
	STA	7,410,825	-
Mr. Anan Pruksanusak	Thai Tech Rubber	1	-
	STA	100,000	(1,462,185)
Mr. Kitichai Sincharoenkul	Sri Trang Rubber & Plantation	1	-
	STA	14,250,000	-
	Sadao P.S Rubber	1	-
	Premier System Engineering	1	-
Mr. Paul Sumade Lee	Sri Trang Rubber & Plantation	1	-
	STA	8,906,955	-
Mr. Veerasith Sinchareonkul	STA	22,441,000	-
Mr. Prakob Visitkitjakarn	STA	450,060	25,000
Mr. Kriang Yanyongdilok	STA	-	-
Mr. Samacha Potavorn	STA	-	-
Mr. Neo Ah Chap	STA	1,100,000	(900,000)

Note: This is to comply with the requirement of the PLCA that a director holding shares or debentures of the Company or an affiliate company held directly by a board member under his name, and shall indicate the total number of shares increasing or decreasing during a fiscal year (if any). The Company and its affiliate company have not issued debentures.

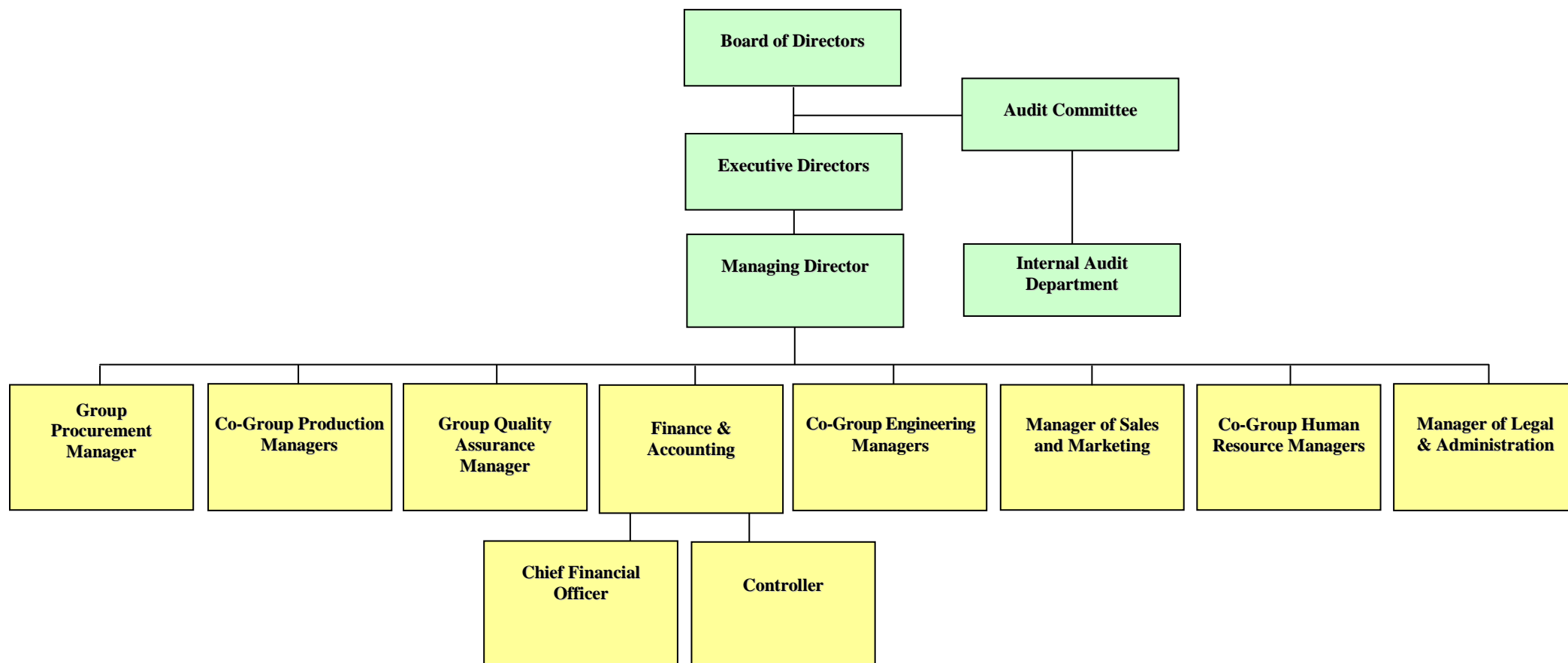
Dividend Policy of STA

Our policy is to pay a dividend of approximately 30% of our net profit as reported in our Company's stand-alone financial statements for each financial year, but not in excess of our retained earnings. In considering the level of dividend payments, we intend to take into account various factors, including: STA's financial position, results of operations and cash flow; the ability of our subsidiaries, associates and joint venture entities to make dividend payment to STA; STA's expected working capital requirements to support STA's future growth; and general economic conditions and such other external factors that STA believes will have an impact on the business operations of STA.

Dividend Policy of Our Subsidiaries

The dividend payment of our subsidiaries shall be approved by the Board of Directors of each subsidiary and shall be presented to the shareholders' meeting for approval. The Company does not fix the percentage of dividend payment. The dividend payment made by our subsidiaries will depend on the business profits, financial position and the future investment plans of each subsidiary and shall be according to its Articles of Association and the relevant laws.

Corporate Structure as of 31 December 2010



Management Structure

Committees of STA

As of 31 December 2010, the corporate structure of STA consists of five committees which are the Board of Directors of STA, the Audit Committee, the Executive Committee, the Nominating Committee and the Remuneration Committee.

The Board of Directors of STA

As of 31 December 2010, our Board of Directors consists of 11 directors as follows:

Name	Position	Remarks
1. Mr. Viyavood Sincharoenkul	Chairman /Managing Director/ Executive Committee	Executive Director
2. Mr. Prasit Panidkul	Vice-chairman/ Executive Committee	Executive Director
3. Mr. Chaiyos Sincharoenkul	Director/ Executive Committee	Executive Director
4. Mr. Anan Pruksanusak	Director/ Executive Committee	Executive Director
5. Mr. Kitichai Sincharoenkul	Director/ Executive Committee/ Nominating Committee member	Executive Director
6. Mr. Paul Sumade Lee ⁽¹⁾	Director/ Executive Committee	Executive Director
7. Mr. Veerasith Sinchareonkul ⁽²⁾	Director	Non-Executive Director
8. Mr. Prakob Visitkitjakarn	Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director
9. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member/ Chairman of the Nominating Committee/ Remuneration Committee member	Non-Executive Director
10. Mr. Samacha Potavorn	Independent Director/ Audit Committee member/ Nominating Committee member/ Remuneration Committee member	Non-Executive Director
11. Mr. Neo Ah Chap ⁽¹⁾	Independent Director	Non-Executive Director

Mrs. Pacharin Anuwongwattanachai is a secretary to the Board of Directors of the Company.

Note: (1) On 28 June 2010, the Extraordinary General Meeting of Shareholders No. 1/2010 resolved to approve the appointment of Mr. Paul Sumade Lee and Mr. Neo Ah Chap as new directors of STA.

(2) On 28 April 2010, the 2010 Annual General Meeting of Shareholders resolved to approve the appointment of Mr. Veerasith Sinchareonkul as a new director of STA.

Authorized Directors of STA

Mr. Viyavood Sincharoenkul, Mr. Chaiyos Sincharoenkul, Mr. Prasit Panidkul, Mr. Anan Pruksanusak, Mr. Kitichai Sincharoenkul, Mr. Veerasith Sinchareonkul and Mr. Lee Paul Sumade, any two of these seven directors jointly sign with STA's seal affixed.

Engagement of Mr. Somwang Sincharoenkul as Honorary Adviser

The Board of Directors Meeting of STA No. 4/2010 held on 6 May 2010 resolved to approve the engagement of Mr. Somwang Sincharoenkul as the Honorary Adviser of STA. Such advisory services are as follows:

1. Advise on the formulation of the Company's goals and vision.
2. Advise on the Company's investment and business plans and the business operation policy of the Company, both domestically and internationally.
3. Advise on strategies in relation to the use of raw materials, procurement, price and quantity in each period pursuant to the local conditions.
4. Advise on dealings with communities, local authorities and government agencies in the southern part of Thailand.

Scope of Duties and Responsibilities of the Board of Directors of STA

STA has determined the scope of duties and responsibilities of the Board of Directors as follows:

1. **Duties of the Board of Directors**

The Board of Directors of STA shall perform its duties with knowledge, ability, and experience to benefit the business operation of the Company. The Board of Directors shall also perform its duties in accordance with STA's objectives, and its Articles of Association and shareholder's resolutions with due care in order to protect the interests of STA and be responsible to STA shareholders. According to the Articles of Association of STA, a meeting of the Board of Directors shall be held at least once every three months.

2. **Review and Approve the Appropriate Policies**

The Board of Directors of STA is responsible for reviewing and approving STA's policies and business direction as proposed by the Board of Directors.

3. **Supervision of the Executive Committee**

The Board of Directors of STA shall supervise the Executive Committee to follow the policies setting out efficiently and notifying the Board of Directors to propose material matters in relation to the significant business operations of STA and connected transactions to be in accordance with the regulations of the SEC and the SET.

If necessary, the Board of Directors of STA may appoint advisor(s) to advise or provide professional opinions to support the significant business decisions of STA.

4. **Arrange the Efficient Internal Control and Internal Audit Systems**

The Board of Directors of STA shall arrange efficient internal control and internal audit systems, in particular in respect of transactions in which the director(s) have an interest and are required to be approved by the shareholders' meeting pursuant to the law and the SET regulations.

In any case, the assignment of the duties and responsibilities of the Board of Directors of STA shall not constitute an authorization or sub-authorization which may cause the Board of Directors of STA or its assignee to be able to approve any transaction in which such person or other related party (as defined in the Notification of the SEC or the notification of the Capital Market Supervisory Board) may have a conflict of interest or may benefit in any manner, or any other conflict of interest with STA or its subsidiaries, except when the approvals of such transactions are consistent with the policy and criteria approved by the shareholders meeting or the Board of Directors meeting of STA.

Composition and Appointment of the Board of Directors of STA

The following is a summary of the composition, appointment, removal or retirement from the Board of Directors of STA set forth in the Articles of Association:

1. The number of members of the Board of Directors of STA shall be determined by a shareholders meeting but shall be not less than five persons and not less than one-half of the total number of Directors must reside in the Kingdom of Thailand.
2. Directors shall be elected at a shareholders meeting in accordance with the following criteria and procedures:



- (1) Each shareholder shall have one vote for one share.
 - (2) A shareholder must use all of his/her votes in (1) to elect one or several persons as Director or Directors, however, he or she may not split his/her votes unequally between any person in any number.
 - (3) The persons who receive the most votes shall be elected as Directors, in the number of Directors required or to be elected on the relevant occasion. In the event that votes of two or more nominees are equal in number, causing the number of Directors required or to be elected on such relevant occasion to be exceeded, the chairman of the meeting shall have a casting vote.
3. At every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office.
- The Directors who are to retire from office in the first and the second years after registration of the Company shall be drawn by lots. In subsequent years, the Directors who have been holding office for the longest time shall retire.
4. Any Director wishing to resign from office shall submit his or her resignation letter to STA. The resignation shall be effective from the date on which STA receives the resignation letter.
5. The shareholders meeting may pass a resolution to remove any Director from office prior to rotation, by a vote of not less than three-fourths of the number of the shareholders attending the meeting and having the right to vote, and whose shares represent a total of not less than one half of the number of shares held by the shareholders attending the meeting and having the right to vote.

The Board currently comprises eleven Directors, four of whom are Independent Directors. The Company has six Executive Directors and five Non-executive Directors.

The composition of the Board takes into consideration the nature and scope of the Group's operations to allow constructive discussion, a diversity and balance of judgment for effective decision making. The Directors have invaluable experience in accounting, finance, business management, strategic planning, marketing, law and the rubber industry.

Selection of Independent Director

Qualifications of Independent Director

1. Holding shares not exceeding one percent of the total number of shares with voting rights of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, including shares held by related persons of such independent director.
2. Neither being nor having been an executive director, employee, staff, advisor who receives salary, or a controlling person of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person of STA, unless the foregoing status ended not less than two years prior to the date of filing an application with the Office of the SEC. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of STA.
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of STA or its subsidiary company.
4. Neither having nor having had a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgement, and neither being nor having been a significant shareholder or controlling person of any person having a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the date of filing an application with the Office of the SEC.

(The term “business relationship” and the calculation of the value of the business relationship shall have the same meaning as defined in the Notification of the Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares).

5. Neither being nor having been an auditor of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, unless the foregoing relationship ended not less than two years prior to the date of filing an application with the Office of the SEC.
6. Neither being nor having been a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship ended not less than two years prior to the date of filing an application with the Office of the SEC.
7. Not being a director appointed as representative of directors of STA, major shareholder or shareholder who is related to a major shareholder.
8. Not undertaking any business in the same nature and in competition to the business of STA or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holds shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of STA or its subsidiary company.
9. Not having any other characteristics which would cause the inability to express independent opinions with regard to STA’s business operations.

The qualifications of the Independent Director shall be in accordance with the definitions as specified in the notification of the Capital Market Supervisory Board.

The Nominating Committee is also guided by the Code of Corporate Governance in determining independence.

Executive Committee

As of 31 December 2010, the Executive Committee consisted of 6 Directors as shown below.

Name	Position
1. Mr. Viyavood Sincharoenkul	Executive Director
2. Mr. Prasit Panidkul	Executive Director
3. Mr. Chaiyos Sincharoenkul	Executive Director
4. Mr. Anan Pruksanusak	Executive Director
5. Mr. Kitichai Sincharoenkul	Executive Director
6. Mr. Paul Sumade Lee	Executive Director

Scope of Duties and Responsibilities of the Executive Committee

1. To order, plan, and operate the business of STA to be in accordance with the policies set out by the Board of Directors of STA.
2. To appoint STA’s management to efficiently and transparently manage STA’s businesses.
3. Any two of the Executive Committee members jointly signing and affixing the company seal are eligible to grant proxies to any person to perform on behalf of STA in respect of any business that will benefit STA.
4. To determine the appropriate employees’ benefits and welfare in compliance with corporate culture and applicable laws.



5. To approve the credit limits of the normal business transactions or other transactions that bind STA.

In any case, the assignment of duties and responsibilities of the Executive Committee shall not constitute an authorization or sub-authorization which may cause the Executive Committee or its assignee to be able to approve any transaction in which such person or other related party (as defined in the Notification of the SEC or the Capital Market Supervisory Board) may have a conflict of interest or may benefit in any manner or any other conflict of interest with STA or its subsidiaries. Such approval must be proposed to the meeting of the Board of Directors and/or the meeting of shareholders, as the case may be, for approval, as stipulated in the Articles of Association of STA or subsidiaries, or any applicable laws.

Audit Committee

The Audit Committee consists of 3 independent directors and all have the qualifications required by the Capital Market Supervisory Board and the SET. As of 31 December 2010, the Audit Committee consists of the following directors:

Name	Position
1. Mr. Prakob Visitkitjakarn	Chairman of the Audit Committee
2. Mr. Kriang Yanyongdilok	Audit Committee Member
3. Mr. Samacha Potavorn	Audit Committee Member

Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok are the Audit Committee members who have sufficient knowledge and experience to review the reliability of financial statements of STA.

Mr. Wittawas Grungtanmuang is a secretary to the Audit Committee.

Scope of Duties and Responsibilities of the Audit Committee

1. To assist the Board of Directors in the discharge of its responsibilities on financial and accounting matters (including reviewing STA's financial reporting process and our Company's consolidated financial statements to ensure accuracy and adequacy).
2. To review our Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review our Company's compliance with the law on securities and exchange, the regulations of the SET and the laws relating to business of STA.
4. To consider, select and nominate an independent person to be STA's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transactions, interested person transactions or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SGX-ST and the SET, and are reasonable and in the best interests of STA.
6. To prepare, and to disclose in our Company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - (1) an opinion on the accuracy, completeness and credibility of the company's financial report;
 - (2) an opinion on the adequacy of the company's internal control system;
 - (3) an opinion on the compliance with the law on securities and exchange, the regulations of the SET or the laws relating to the STA's business;
 - (4) an opinion on the suitability of an auditor;
 - (5) an opinion on the transactions that may lead to conflicts of interests;

- (6) the number of the Audit Committee meetings, and the attendance at such meetings by each committee member;
 - (7) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (8) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, within the scope of duties and responsibilities assigned by the company's board of directors.
7. To commission and review the findings of significant internal investigations and/or consult with the auditor in relation to such findings and report the findings to the Board of Directors of STA in the event that there is any suspected fraud or irregularity or infringement of any law or regulations of Singapore or SGX-ST which has or is likely to have a material impact on our results of operations and/or financial position of STA.
 8. To review the audit plans, scope of work and results of our audits compiled by our internal and external auditors.
 9. To review the co-operation given by our officers to the external auditors.
 10. To review our risk management structure (including all hedging policies) and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Directors.
 11. To perform any other act as delegated by the Board of Directors and approved by the Audit Committee.

Apart from the duties listed above, the Audit Committee is required to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the results of operations and/or financial position of STA.

Nominating Committee

As of 31 December 2010, the Nominating Committee of STA consists of 3 Directors as follows:

Name	Position
1. Mr. Kriang Yanyongdilok	Chairman of the Nominating Committee
2. Mr. Samacha Potavorn	Nominating Committee Member
3. Mr. Kitichai Sincharoenkul	Nominating Committee Member

Scope of Duties and Responsibilities of the Nominating Committee

1. Reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to our Board for the appointment of Directors.
2. Reviewing and recommending nominations for appointment, re-appointment or re-election or renewal of appointment of our Directors having regard to the Director's contribution and performance.
3. Determining annually whether or not a Director is independent.
4. Deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

Certain factors considered by the Nominating Committee in order to carry out their responsibilities above include:

- independence of mind;
- capability of the individual and how it meets the needs of the Company and simultaneously complements the skill set of the other Board members;



- experience and track record as directors in other companies; and
- ability to commit time and effort toward discharging his responsibilities as a Director.

Nomination of Directors

The Nominating Committee will nominate candidates who have appropriate qualifications to be a director. At the end of the office term of any director or when it is necessary to appoint more directors, the Nominating Committee will jointly discuss and consider determining the person(s) with appropriate experience, knowledge and ability to benefit STA to be a director of STA. The nomination of the aforementioned person(s) will be proposed to the meeting of the Board of Directors of STA and the meeting of shareholder respectively for further approval.

The resolution of the meeting of shareholders for an approval of directors will be the majority of votes of the shareholders attending the meeting and having the right to vote.

Remuneration Committee

As of 31 December 2010, the Remuneration Committee consists of 3 Directors as follows:

Name	Position
1. Mr. Prakob Visitkitjakarn	Chairman of the Remuneration Committee
2. Mr. Kriang Yanyongdilok	Remuneration Committee Member
3. Mr. Samacha Potavorn	Remuneration Committee Member

Scope of Duties and Responsibilities of the Remuneration Committee

Our Remuneration Committee is responsible, among other things, for recommending to our Board of Directors a framework and criteria of remuneration for the Directors and executive officers, and for recommending specific remuneration packages for each Director and the Managing Director and to perform any other act as delegated by the Board of Directors.

Details of Attendance for the Meetings of the Board of Directors and Board Committees

Details of the meeting attendance for the meetings of the Board of Directors, Executive Committee and Audit Committee in 2009 and 2010 are as follows:

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2009	2010	2009	2010	2009	2010
1. Mr. Viyavood Sincharoenkul	7/7	8/9	8/8	3/3	-	-
2. Mr. Prasit Panidkul	7/7	8/9	8/8	3/3	-	-
3. Mr. Chaiyos Sincharoenkul	7/7	9/9	8/8	3/3	-	-
4. Mr. Anan Pruksanusak	7/7	9/9	8/8	3/3	-	-
5. Mr. Kitichai Sincharoenkul	7/7	9/9	8/8	3/3	-	-
6. Mr. Paul Sumade Lee ⁽¹⁾	-	3/4	-	3/3	-	-
7. Mr. Veerasith Sinchareonkul ⁽²⁾	-	6/6	-	-	-	-
8. Mr. Prakob Visitkitjakarn	7/7	9/9	-	-	7/7	8/8
9. Mr. Kriang Yanyongdilok	7/7	9/9	-	-	7/7	8/8
10. Mr. Samacha Potavorn	7/7	9/9	-	-	7/7	8/8
11. Mr. Neo Ah Chap ⁽¹⁾	-	4/4	-	-	-	-

- Notes:
- (1) Appointed as a new director of STA at the Extraordinary General Meeting of Shareholders No. 1/2010 held on 28 June 2010.
 - (2) Appointed as a new director of STA at the 2010 Annual General Meeting of Shareholders held on 28 April 2010.

The Nominating Committee and the Remuneration Committee were recently established in July 2010; therefore, there were no meetings of the Nominating Committee and the Remuneration Committee in 2010.

Executives (pursuant to the definition of “Executive” in the SEC’s notification no. Gor.Jor. 17/2551 re: Determination of Definitions under Notifications relating to Issuance and Offering of Securities)

As of 31 December 2010, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman and Managing Director
2. Mr. Prasit Panidkul	Vice Chairman
3. Mr. Chaiyos Sincharoenkul	Director
4. Mr. Anan Pruksanusak	Director
5. Mr. Kitichai Sincharoenkul	Director and Manager of Legal and Administration
6. Mr. Paul Sumade Lee	Director and Manager of Sales and Marketing
7. Mr. Veerasith Sinchareonkul	Director
8. Mr. Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee
9. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
10. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee
11. Mr. Neo Ah Chap	Independent Director
12. Mrs. Prapai Srisuttiiphong	Group Procurement Manager
13. Mr. Chalernpop Khanjan	Co-Group Production Manager
14. Mr. Asom Aksornnam	Co-Group Production Manager
15. Mr. Chaidet Pruksanusak	Group Quality Assurance Manager
16. Mr. Rattapong Laparojkit	Co-Group Engineering Manager
17. Mr. Phanlert Wangsuphadilok	Co-Group Engineering Manager
18. Mr. Udom Pruksanusak	Co-Group Human Resource Manager
19. Ms. Nuchanart Chaiyarat	Co-Group Human Resource Manager
20. Ms. Lim Li Ping	Controller
21. Mr. Patrawut Panitkul	Chief Financial Officer

Note: “Executive” means a director, manager or the next four executives succeeding the manager, a person holding an equivalent position to the fourth executive, including a person holding the position of manager or equivalent in the accounting or finance departments

Scope of Authorities and Responsibilities of the Managing Director

1. Approve any juristic act binding the company for the normal business operation of STA in an amount not exceeding Baht 200,000,000.
2. Issue and amend the rules, orders, and work rules of STA, for example, the acceptance, appointment, removal and disciplining of staff and employees, and the determination of salary and other monies, including compensation and other welfare.
3. Determine the salary rate and other remuneration, including expenses rate and facilities of the manager or equivalent for proposing to the Executive Committee for further approval.

4. Administer STA pursuant to the resolutions and policies of the Board of Directors of STA.
5. Propose significant matters to the Board of Directors of STA or the meeting of shareholders for further approval or other appropriate action.
6. Study the feasibility of new projects and consider and approve the projects as delegated by the Board of Directors of STA and the Executive Committee.
7. Perform other matters as delegated by the Board of Directors of STA and/or the Executive Committee from time to time.

However, the abovementioned approvals shall not be given in a way that may cause the Managing Director or his authorized representative to be able to approve any transaction in which he himself or any related person has or may have a conflict of interest with STA or its subsidiaries as defined in the Notification of the SEC or the Capital Market Supervisory Board.

Company Secretary

The Board of Directors of STA resolved to approve the appointment of Mrs. Pacharin Anuwongwattanachai as the Company Secretary (the “Company Secretary”) having the duties and responsibilities as provided in the Securities and Exchange Act, including providing advice on and ensuring compliance with relevant laws and regulations which the Board is required to know and follow. The Company Secretary attends and documents all Board meetings and ensures Board procedures are followed. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Remuneration of Directors and Executive Officers

Financial Remuneration

(1) Directors’ Fees

For the fiscal year ended 31 December 2010, STA paid the directors’ fees to the Directors in the amount of Baht 4,444,000 for services rendered by them in forms of monetary remuneration. The details are as follows:

Name	Amount of Directors’ Fees (Baht)
	Fiscal year ended 31 December 2010
1. Mr. Somwang Sincharoenkul ⁽¹⁾	160,000
2. Mr. Prasit Panidkul	360,000
3. Mr. Viyavood Sincharoenkul	440,000
4. Mr. Chaiyos Sincharoenkul	360,000
5. Mr. Puang Cherdkiatgumchai ⁽¹⁾	120,000
6. Mrs. Promsuk Sincharoenkul ⁽¹⁾	120,000
7. Mr. Anan Pruksanusak	360,000
8. Mr. Kitichai Sincharoenkul	360,000
9. Mr. Paul Sumade Lee ⁽²⁾	180,000
10. Mr. Veerasith Sinchareonkul ⁽³⁾	240,000
11. Mr. Prakob Visitkitjakarn	600,000
12. Mr. Kriang Yanyongdilok	480,000
13. Mr. Samacha Potavorn	480,000
14. Mr. Neo Ah Chap ⁽²⁾	180,000

Notes:

- (1) Retired by rotation on 28 April 2010
- (2) Appointed as a new director of STA on 28 June 2010
- (3) Appointed as a new director of STA on 28 April 2010

(2) Remuneration of the Directors and Executive Officers

For the fiscal year ended 31 December 2010, STA paid remuneration to the Executive Directors and Executive Officers, totaling 21 persons, in the amount of Baht 66,893,701. Such remuneration was in the form of salary, bonus and other compensation.

Note: “Executive” means manager(s), first four executives immediately followed the manager and all the fourth executives.

The compensation paid by our Company to each of our Directors and each of the top five Executive Officers of STA (for services rendered by them in all capacities to STA and our subsidiaries), in remuneration bands⁽¹⁾ for year ended 31 December 2010, are as follows:

Name	Amount of Remuneration Paid by STA	Director's Fees (%)	Salary (%)	Performance based bonuses (%)	Total (%)
1. Mr. Viyavood Sincharoenkul	Band D	2.23	86.62	11.15	100
2. Mr. Prasit Panidkul	Band B	5.56	70.83	23.61	100
3. Mr. Chaayos Sincharoenkul	Band B	6.80	69.90	23.30	100
4. Mr. Anan Pruksanusak	Band A	27.37	54.47	18.16	100
5. Mr. Kitichai Sincharoenkul	Band B	5.90	81.62	12.48	100
6. Mr. Paul Sumade Lee	Band A	3.40	96.60	-	100
7. Mr. Veerasith Sinchareonkul	Band A	100	-	-	100
8. Mr. Prakob Visitkitjakarn	Band A	100	-	-	100
9. Mr. Kriang Yanyongdilok	Band A	100	-	-	100
10. Mr. Samacha Potavorn	Band A	100	-	-	100
11. Mr. Neo Ah Chap	Band A	100	-	-	100
12. Mr. Somwang Sincharoenkul ⁽²⁾	Band A	9.73	90.27	-	100
13. Mr. Puang Cherdkiatgumchai ⁽²⁾	Band A	100	-	-	100
14. Mrs. Promsuk Sincharoenkul ⁽²⁾	Band A	6.71	77.98	15.31	100
Top five Executive Officers					
1. Ms. Lim Li Ping	Band A	-	90.91	9.09	100
2. Mrs. Prapai Srisuttiphong	Band A	-	71.43	28.57	100
3. Mr. Chalernpop Khanjan	Band A	-	71.43	28.57	100
4. Mr. Chaidet Pruksanusak	Band A	-	71.43	28.57	100
5. Mr. Rattapong Laparojkit	Band A	-	71.43	28.57	100



Notes:

- (1) Remuneration bands:
 Band A means between SGD 1 and SGD 250,000.
 Band B means between SGD 250,001 and SGD 500,000.
 Band C means between SGD 500,001 and SGD 750,000.
 Band D means between SGD 750,001 and SGD 1,000,000.
 Remuneration bands are based on the average (Baht: SGD) foreign exchange rates for the stipulated year, being SGD 1 to Baht 23.2276.
- (2) Retired by rotation on 28 April 2010.

Remuneration for staff typically comprises a base salary and a variable component which is performance-based and discretionary.

Remuneration of Employees who are Immediate Family Members of a Director

There are no employees who are immediate family members of a Director or the Managing Director whose remuneration exceeded SGD 150,000 during the previous financial year.

Retirement and Re-election of Directors

A retiring Director shall be eligible for re-election. The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment. The details of the retirement and re-election of the Directors are set out as follows:

Name of Director	Position	Date of first appointment to the Board	Date of last re-election as Director
Dr. Viyavood Sincharoenkul	Chairman and Managing Director	27 December 1993	28 April 2010
Prasit Panidkul	Vice-chairman	27 December 1993	24 April 2008
Chaiyos Sincharoenkul	Director	27 December 1993	24 April 2008
Anan Pruksanusak	Director	5 November 1993	29 April 2008
Kitichai Sincharoenkul	Director and Manager of Legal and Administration	10 April 1995	29 April 2009
Paul Sumade Lee	Director and Manager of Sales and Marketing	28 June 2010	-
Veerasith Sinchareonkul	Director	28 April 2010	-
Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee	27 December 1993	28 April 2010
Kriang Yanyongdilok	Independent Director and Member of the Audit Committee	25 January 2000	24 April 2008
Samacha Potavorn	Independent Director and Member of the Audit Committee	1 February 2008	29 April 2009
Neo Ah Chap	Independent Director	28 June 2010	-

CORPORATE GOVERNANCE

The Board of Directors of STA has conducted the business operation appropriately and effectively in accordance with its objectives by utilizing expertise, diligence, and due care to protect the interests of the Company and to comply with the laws, objectives, and the Articles of Association. The Board of Directors of STA has also followed the Principles of Good Corporate Governance for Directors of Listed Companies and the Principles of Good Corporate Governance for Listed Companies of 2006 as well as the Code of Corporate Governance. The roles and responsibilities of the Board of Directors of STA are all managed with due care, in particular in the process of decision making. Careful consideration is given using reasonable judgment based on honesty, transparency, ethics, and the concern of stakeholders as well as all aspects of the best interests of shareholders.

Principles of Good Corporate Governance under the Principles of Good Corporate Governance for Listed Companies of 2006

STA has established principles for good corporate governance in accordance with the Principle of Good Corporate Governance for Listed Companies of 2006 as prescribed by the SET. The details of 5 principles of good corporate governance areas are as follows:

1. Rights of Shareholders

STA always realizes that the main factors for building shareholders' trust and confidence for investing in the businesses of STA are the application of policies and operations that protect the fundamental rights of the shareholders as well as the equality of all shareholders as prescribed by the laws, and encouraging the shareholders to exercise their fundamental rights. For example:

- (1) **Right to Receive Profit Sharing in the Form of Dividend:** STA has a policy on dividend payment which is based on careful consideration of the financial position, results of operation and cash flow of STA, the ability of our subsidiaries, associates and joint venture entity to make dividend payment, STA's expected working capital requirements to support the future growth of STA, the economic situation, and other external factors that STA expects will have an impact on its operations. In order to manage the business operation efficiently, the dividend payment policy is at approximately 30 percent of the net profit of the stand-alone financial statement.
- (2) **Right to Attend the Shareholders' meeting:** STA pays great attention to the sufficiency of information so that the shareholders are able to make a well-informed decision in the shareholders' meeting, including casting their votes and expressing their opinions on significant changes and the election of the Board of Directors of STA, based on information which is accurate, complete, transparent, and equally shared.

Where the STA's shares are held through CDP, CDP will be the only holder on record of such shares. Accordingly, as a matter of Thai law, CDP will be the only person or entity recognised as a shareholder and legally entitled to vote on any matter to be submitted to the vote of the Company's shareholders at a general meeting of shareholders.

CDP has appointed a Thai custodian to safekeep all the shares held by CDP. Such Thai custodian will act as CDP's proxy during a general meeting of shareholders and CDP will instruct such Thai custodian to split its votes in accordance with the instructions that CDP receives from investors holding shares through CDP. However, shareholders who desire to attend shareholders' meetings and exercise their voting rights under their names with regard to the shares beneficially owned by them will be required to transfer their shares out of the CDP system and have the share transfer registered in the share register book. In addition, a shareholder who transfers the Company's shares out of the CDP system will not be able to trade such shares on the SGX-ST unless he first transfers such shares back into the CDP system.

In order to provide the equivalent of the annual general meeting to shareholders in Singapore holding shares through the CDP, STA will hold an annual investor forum in Singapore at around



the same time as the annual general meeting is held in Thailand, to enable as even a level of access to information as possible at the time of such forum. Shareholders will be given the opportunity to air their views and ask Directors any questions they may have. The representation of the Board at the forum will include at the minimum, the Managing Director, two other Executive Directors and two Independent Directors, one of whom will be the Lead Independent Director.

- (3) **Right to Vote on Agenda Items in the Shareholders' meeting:** The completed invitation to shareholders' meeting and attachments will be forwarded to shareholders in advance. The invitation to shareholders' meeting includes details on agenda items, attachments to agenda items, opinions of the Board of Directors of STA, proxy forms as prescribed by the Ministry of Commerce, a name list of all independent directors to whom the shareholders are able to give their proxy, and a map of the meeting venue. The invitation to the shareholders' meeting also includes the information regarding the required documents that shareholders have to present to the meeting in order to protect their right to attend the meeting, the Articles of Association of STA pertaining to the shareholders' meeting, and voting instructions. Furthermore, so that the investors can obtain information thoroughly, the shareholders can access all information with respect to the agenda of the shareholders' meeting at www.sritranggroup.com and the website of the SGX-ST at www.sgx.com ("**SGXNET**").
- (4) **Equitable Right to Express Opinions and Make Inquiries in the Shareholders' meeting:** With respect to agenda items and proposed agenda items, the Chairman of the shareholders' meeting should allocate sufficient time and encourage the shareholders to express their opinions and make inquiries in the meeting. STA's Lead Independent Director, Mr Prakob Visitkitjakarn, also the Chairman of the Audit Committee and Remuneration Committee, will be present at the annual general meeting to address questions that shareholders' may have. External auditors will also be present to address queries in relation to the audit of the Group and the auditors' report.

2. Fair Treatment for Shareholders

- (1) The shareholders' meeting shall be held in accordance with the agenda mentioned in the invitation to shareholders' meeting. The policy is that no additional agenda item is included in the meeting without prior notice to the shareholders. STA sends a complete invitation to shareholders' meeting, including attachments, with all sufficient information relevant to the meeting to the shareholders. Moreover, STA posts all information which is relevant to the meeting at its website (www.sritranggroup.com) and on SGXNET so that the shareholders will have sufficient time to carefully study this information. In addition, the invitation to shareholders' meeting shall be advertised no less than three days prior to the shareholders' meeting in a daily newspaper for at least three consecutive days in order to allow shareholders to have sufficient time to prepare for attending the shareholders' meeting. Before the commencement of each meeting, the Chairman will give instructions on the voting and the counting methods as clearly prescribed. During the meeting, the Chairman allows the shareholders, equitably, to make inquiries and express their opinions as well as to make recommendations. The Chairman also answers questions and provides complete information as requested by the shareholders. After the meeting, STA will send the minutes of the shareholders' meeting to the SET within the prescribed period.
- (2) STA has encouraged the shareholders to use ballots for voting on each agenda item. The ballots shall be kept in the meeting room for vote counting prior to the announcement of the resolutions. For the purpose of transparency, STA will keep all ballots having signatures of the shareholders or their proxy for future reference.
- (3) Minutes of the shareholders' meeting must be accurately and completely recorded and submitted to the SET within 14 days after the shareholders' meeting. The resolutions of the shareholders' meeting will be posted on the website of STA at www.sritranggroup.com and on SGXNET.

- (4) The policy regarding the monitoring of the use of insider information has been established for strict compliance by personnel at all levels.
- (5) A full and clear disclosure of shareholding structure in the subsidiaries and associates is made to assure shareholders that the operational structure of STA is transparent and accountable.
- (6) STA places importance on the accurate, full, timely, and transparent disclosure of information on various issues to shareholders. As such, significant information is disclosed on a regular basis.
- (7) STA has established a channel of communication for minority shareholders to directly access information on various issues e.g. the activities of the Board of Directors, supervision and monitoring of the operation, and auditing through the email address of the independent directors. Furthermore, minority shareholders may directly seek information from the Company Secretary of STA or the Investor Relations Office.

3. Role of Stakeholders

STA fully realizes that the growth and development of STA has resulted from the full support given by all interested parties. STA places importance on the rights of all stakeholders, both internal stakeholders such as personnel, staff members, and the executives of STA and the subsidiaries and external stakeholders such as commercial partners ranging from the suppliers of raw materials to various groups of customers of finished products, financial institutions, government agencies that provide close co-operation, and finally, the shareholders of STA. In this regard, STA realizes its responsibilities towards the above-mentioned stakeholders. The details of such responsibilities are as follows:

Shareholders:

STA is committed to be the representative of its shareholders in conducting its business operation in a transparent manner, and having a reliable accounting and finance system that brings the highest satisfaction to shareholders by continuously considering the long-term, sustainable growth of STA and an adequate return.

Employees:

STA treats its employees equally and fairly by providing a good and safe working environment and adequate remuneration. Moreover, STA supports its employees in terms of providing the opportunity to develop knowledge, skills and experiences for career improvement. STA has established a Health and Working Environment Committee. A training program is specially designed for relevant personnel responsible for overseeing, providing advice, and giving accurate information on safety, occupational health, and the working environment, and the prevention of accidents resulting from work as well as providing other interesting health information to the employees. Considering the employee's welfare with respect to the safe and maximum working efficiency, STA has introduced various activities that promote the quality of life of employees, such as establishing a library and creating entertainment programs as well as various activities which are designed to promote employees' good physical and mental health. Moreover, a handbook for employees has been published and is publicized through STA Intranet.

Customers:

STA is committed to create customer satisfaction by producing quality products and delivering the products on a timely basis and maintaining a good sustainable relationship. A guideline for customer relations practice is included in the Employees' Handbook.

Business Partners:

STA purchases goods and services from its business partners pursuant to commercial conditions and always complies with the agreements entered into with its business partners and strictly follows the laws and regulations and possesses good business ethics in regard to business competition.

Government Agencies and Related Organizations:

STA strictly complies with various laws and regulations e.g. laws pertaining to the environment, safety, labour, tax management and accounting, as well as the government notifications relating to the business operations of STA.



Society and Environment:

STA is aware of and concerned about the safety, environment, and the quality of life of the people, and the importance of natural resources conservation, the promotion of energy sufficiency, the alternative use of natural resources to minimize the impact on society, the environment and people's quality of life to the greatest possible extent. As such, STA supports activities in the neighborhood community of the factories by providing the most efficient management of safety and environment.

In addition, STA has supervised and monitored its management system to ensure full compliance with laws and regulations of regulatory agencies and the fair and strict equitable treatment of all stakeholders.

4. Information Disclosure and Transparency

- (1) The Board of Directors of STA is responsible for the accurate, complete, timely, and transparent disclosure of both significant financial and non-financial information of STA through easy-to-access channels, which reflects fairness and reliability so that the stakeholders are all equally able to receive information in compliance with the requirements of various regulators.
- (2) STA has set up a public relations department in order to communicate with investors and related third parties. The Investor Relations Office is the center for communication between shareholders, stakeholders, investors, and analysts.
- (3) The Board of Directors of STA supports the preparation of information in an accurate, reliable, timely, and regular manner in both Thai and English through communication channels at SET and the website of STA.
- (4) The Board of Directors of STA has a duty to report its corporate governance policy through the Annual Report and website of STA.
- (5) The Board of Directors of STA has a duty to disclose meeting attendance of Directors and the Audit Committee members.
- (6) The Board of Directors of STA is responsible for the preparation of the balance sheet, profit and loss statement, auditor's report, annual report, and other relevant reports for shareholders approval.
- (7) The Board of Directors of STA has a duty to report risk factors, types of risk, and the cause and impact of risk upon the business operation of STA through the Annual Report.

The Board of Directors of STA ensures that the disclosure of significant information is conducted in an accurate, precise, reliable, and timely manner in accordance with the regulations of the SEC and SET, and that such information is disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) so that the shareholders are equally informed. Furthermore, the Investor Relations Office has been established to act as a contact person for communication with investors, shareholders, securities analysts, and other related agencies.

The STA website is updated regularly. Information which should be disclosed is posted on the STA website. The Investor Relations Office at Bangkok Branch can be contacted at: Tel: 0-2259-2964-71 Ext. 25-26, or at www.sritranggroup.com

5. Responsibility of the Board of Directors

- (1) The Structure of the Board of Directors

The Board of Directors of STA, consisting of directors who have knowledge, competence and experience in business, has the duty to determine policies, visions, strategies, goals, missions, business plans and budgets of STA, as well as to monitor the management team to effectively and efficiently manage the business of STA in accordance with the policies under the legal framework, objectives, the Articles of Association and the resolutions of the shareholders meeting and the Board of Directors Meeting. Such duties must be performed with responsibility, due care and loyalty under the principles of good corporate governance in order to increase the best economic value for the business and the highest stability for the shareholders.

The Board of Directors of STA consists of 11 directors, including four independent directors who are fully qualified under the notifications of the Capital Market Supervisory Board and the SET.

No director of STA shall hold the office of director in more than five listed companies. In the case that any director holds the office of director in more than five listed companies, the Board of Directors will review the efficiency of such director's performance.

According to the Articles of Association of STA, at every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office. The Directors who are to retire from office in the first and the second years after registration of the company shall be drawn by lots. In the subsequent years, the Directors who have been holding office for the longest time shall retire

STA has appointed a Company Secretary to provide advice on compliance with relevant laws and regulations which the Board of Directors is required to know. The Company Secretary shall also supervise the activities of the Board of Directors and ensure that the resolutions of the Board of Directors meeting have been complied with.

(2) Sub-committees

The Board of Directors has a duty to carefully and effectively consider and give approval on significant operational matters; therefore, sub-committees are formed to assist the Board of Directors in various aspects. An Audit Committee is appointed consisting of at least three independent directors and at least one of them must have knowledge of accounting and finance and must have a qualification on independence as prescribed by the notifications of the Capital Market Supervisory Board and by the definition of an independent director. The Audit Committee was established for the purpose of monitoring the internal control system, financial report system, corporate governance, risk management, as well as the selection and the appointment of the auditor. Moreover, STA has formed other sub-committees such as the Remuneration Committee and the Nominating Committee in order to manage the businesses of STA. The majority of members of the sub-committees are independent committee members in order to ensure a transparent and independent business operation.

(3) Roles, Duties, and Responsibilities of the Board of Directors

The Board of Directors of STA oversees the business operation and the mission of STA to be in accordance with the approval given by shareholders, applicable laws, objectives, the Articles of Association, and resolutions of the Board of Directors meeting and the shareholders meeting. The Board of Directors of STA must exercise good business judgment in making business decisions and perform its duty with responsibility, due care, and loyalty in the best interests of STA.

Conflict of Interests

The Board of Directors of STA has established a policy for preventing conflicts of interests on the basis that any decision-making on business transactions must be made only for the best interest of STA, and that any act which may cause a conflict of interest should be avoided. It is required that a person involved in or having a conflict of interest in any agenda item to be discussed in a meeting shall report the relationship or conflict of interest in such agenda item to STA, as well as abstain from voting and shall have no authority to grant approval for such transaction.

(4) The Board of Directors Meeting

According to the Articles of Association of STA, the Board of Directors shall hold a meeting at least once every three months and any additional meetings as necessary. A meeting notice will be delivered to directors at least seven days prior to the date of the meeting, except in the case where it is necessary or urgent to preserve the rights and benefits of STA. At each meeting, the agenda items of the meeting must be clearly specified and supported by complete and sufficient documents, and must be delivered to the directors in advance so that the directors will have sufficient time to study such information prior to the meeting. At the meeting, each director is allowed to openly discuss and express his/her opinion. In addition, at the meeting of the Board of



Directors, the senior executives will be invited to participate in order to present additional details of information on such matters in which they are directly involved.

STA is committed to providing the Board of Directors with adequate, complete, continuous information in a timely manner prior to a Board of Directors meeting. The Directors can directly and independently contact the Company Secretary. The Company Secretary is responsible for advising the Board of Directors on compliance with legal and regulatory requirements.

(5) Remuneration

The remuneration for directors must be made on a practical industry level based on working experience, role, responsibilities, and must be in line with the average market practice of the same industry.

(6) Training for Directors and Executives

The Board of Directors has a policy to enhance and accommodate the provision of training on good corporate governance. Regular and continuous training programs are provided to directors so that they can improve their knowledge.

Dealings in Securities

STA has a policy and procedure to monitor its executives in relation to their use of inside information of STA and its subsidiaries for personal interest as follows:

1. Educate the Directors and executives of each department regarding their duties to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC, the SET and SGX-ST, as the case may be, including the applicable penalty in the case of breach according to the SEC Act, the regulations of the SET and the SGX-ST Listing Manual.
2. Arrange for the Directors and executives of STA and their spouses and minor-children to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC pursuant to Section 59 of the SEC Act and deliver copies of such documents to STA on the same day, and to report to SGX-ST as stipulated in the Listing Manual of SGX-ST.
3. The Directors and executives of STA and its subsidiaries who know material inside information affecting changes in securities price, must be cautious in the trading of securities of STA within one month prior to the time when the financial statement or such inside information is disclosed to the public. Moreover, within 24 hours after such inside information has been disclosed to the public, no person involved with such inside information shall disclose any inside information to any person before such inside information has been notified to the SET and/or SGX-ST. Regarding penalty measures in the case of a violation of the above-mentioned regulations, STA deems such violation as warranting a disciplinary penalty according the working rules of STA.
4. The directors, executives, staff members and employees of STA shall not, whether directly or indirectly, purchase or sell, offer to purchase or sell or invite any other person to purchase, sell or offer to purchase or sell shares or other securities (if any) of STA by using inside information which has or may have an impact on the change of the price of STA securities and has not been disclosed to the public, in a manner that may directly or indirectly cause damage to STA and whether or not such act is done for their own or another person's benefit, or to disclose such information so that they will receive consideration from the person who engages in the aforementioned acts.

Directors and employees are also expected to observe applicable insider trading laws at all times even when dealing in securities within permitted trading periods. In addition, the Directors and employees are expected not to deal in the Company's securities for short-term considerations.

Principles of Good Corporate Governance under the Code of Corporate Governance

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Effective Board to lead and control the Company

The Board's principal roles are set out under "Scope of Duties and Responsibilities of the Board of Directors of STA". The membership and attendance of the members of the Board and Board Committees at Board and Board Committee meetings held in FY2009 and FY2010 respectively, are disclosed in the table set out under "Details of Attendance for the Meetings of the Board of Directors, Executive Committee and Audit Committee".

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board

The Board composition of the Company is set out under "Scope of Duties and Responsibilities of the Board of Directors of STA – Composition and Appointment of the Board of Directors of STA". In determining independence, the Nominating Committee is guided by the factors set out under "Selection of Independent Director". The Nominating Committee reviews nominations for re-appointment as set out under "Scope of Duties and Responsibilities of the Nominating Committee".

Brief profiles of the Company's Directors are provided under the section "Board of Directors".

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power; increased accountability and greater capacity of the Board for independent decision making

Dr Viyavood Sincharoenkul is the Chairman and Managing Director (the equivalent of the Chief Executive Officer) ("**MD**") of the Company.

The Board believes that Dr Sincharoenkul should continue to lead the Group as Chairman and MD. Dr Sincharoenkul manages the day-to-day operations of the Group as its MD and is responsible for the strategic direction and growth of the Group. As Chairman, he ensures that Board meetings are held when necessary and sets agendas in consultation with other Directors. He ensures that Board members are provided with complete, accurate and timely information on a regular basis.

There is accountability and independent decision making by the Board by virtue of the following factors:

- The Board is of the view that there are sufficient safeguards and checks in place to ensure that management is accountable to the Board as a whole. The Nominating Committee, Remuneration Committee and Audit Committee are all chaired by Independent Directors.
- Active participation by Independent Directors during Board meetings, who challenge the assumptions and proposals of the management on all issues affecting the affairs and businesses of the Group.
- The appointment of Mr Prakob Visitkitjakarn as Lead Independent Director, to address shareholder concerns which could not have been resolved through the normal channels of the Chairman or MD, or for which such contact is inappropriate. The Lead Independent Director also acts as the principal liaison between the Independent Directors and the Chairman on sensitive issues.

BOARD MEMBERSHIP

Principle 4: Formal and transparent process for the appointment of new directors to the Board

The Nominating Committee comprises a majority of Independent Directors, including the Chairman. The members of the Nominating Committee are Mr. Kiang Yanyongdilok, Mr. Samacha Potavorn and Mr. Kitichai Sincharoenkul. The Chairman of the Nominating Committee is Mr. Yanyongdilok. The duties and responsibilities of the Nominating Committee are set out in the section titled "Nominating Committee – Scope of Duties and Responsibilities of the Nominating Committee".

The selection, nomination, appointment and re-election processes of the Company's Directors according to the articles of association are set out under the section titled "Composition and Appointment of the Board



of Directors of STA" and "Nomination of Directors". For details of the factors taken into consideration for the selection of independent Directors, please refer to the section "Selection of Independent Director – Qualifications of Independent Director". The Independent Directors shall not be under anyone's influence and controlled by any situation.

A retiring Director shall be eligible for re-election. The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment. The details of the retirement and re-election of the Directors are set out under the section titled "Retirement and re-election of Directors".

The directorships or chairmanships both present and those held over the preceding three years in other listed companies by the Directors are set out below:

Name of Director	Position, Name of company
Mr. Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee, ARIP PLC Director and Chairman of the Audit Committee, Siam City Cement PLC
Mr. Neo Ah Chap	Executive Director, Tan Chong International Limited

BOARD PERFORMANCE

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

Details of the assessment carried out by the Nominating Committee in relation to the effectiveness of the Directors are set out under "Scope of Duties and Responsibilities of the Nominating Committee" and "Nomination of Directors".

ACCESS TO INFORMATION

Principle 6: Board members should be provided with complete, adequate and timely information

The Board has separate and independent access to senior management and the Company Secretary at all times. The management provides information requested by the Board promptly and keeps the Board informed of all material events and transactions as they occur. Meeting agendas and board materials are provided to all Directors with sufficient time prior to meetings, so that there is sufficient time to seek clarification if required. The management consults Board members as necessary and appropriate.

The role of the Company Secretary is set out under "Company Secretary".

The Directors may, in fulfilling their duties, as a group or individually, when necessary, direct the Company to appoint external professionals to render advice.

REMUNERATION MATTERS

Principle 7: Formal and transparent procedure for developing policy on executive remuneration

Principle 8: Remuneration of directors should be adequate but not excessive

Principle 9: Disclosure on remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The Remuneration Committee comprises entirely of Non-executive and Independent Directors. The Remuneration Committee comprises Mr. Prakob Visitkitjakarn, Mr. Kriang Yanyongdilok, and Mr. Samacha Potavorn. The Chairman of the Remuneration Committee is Mr. Visitkitjakarn.

The roles and functions of the Remuneration Committee is set out in the section "Scope of Duties and Responsibilities of the Remuneration Committee". The recommendations of the Remuneration Committee are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee.

Please refer to the section titled "Remuneration of Executive Officers" for information on the remuneration of the Company's Directors, Executive Officers and employees who are immediate family members of any Director.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board has adopted a policy of openness and transparency in the conduct of the Company's affairs while preserving the commercial interests of the Company. The Company reports its financial results quarterly and presents such financial results in a balanced and understandable manner.

Financial results and other price sensitive information are disseminated to shareholders via SGXNET and on the website of the SET, to the SGX-ST and SET as required, press releases, the Company's website and through media and analyst briefings. Any information disseminated on the website of one stock exchange is simultaneously released on the other as well, in order to preserve parity of information between shareholders on both exchanges.

The Company will also hold annual investor forums in Singapore where CDP depositors can meet the Directors. At least three of the Company's Executive Directors and two of its Independent Directors will be present at the investor forum. Shareholders will have the opportunity to be briefed on the Company's performance and may raise any queries directly with the Directors present.

Principle 11: Establishment of Audit Committee with written terms of reference

The Audit Committee comprises entirely of Non-executive Directors, namely, Mr. Prakob Visitkitjakarn, Mr. Kriang Yanyongdilok and Mr. Samacha Potavorn. The Chairman of the Audit Committee is Mr. Visitkitjakarn.

The Audit Committee meets periodically and has the duties and responsibilities as set out under "Scope of Duties and Responsibilities of the Audit Committee".

The Company's auditors have not provided any non-audit services and as such, the Company has not paid non-audit fees to the auditors.

INTERNAL CONTROLS AND INTERNAL AUDIT

Principle 12: Sound system of internal controls

Principle 13: Independent internal audit function

The Company recognises the importance of an internal control system, risk management system, and operational control, to ensure that all employees and the Executive Board share their duties and responsibilities so that all share the same goals.

Independent internal audit function

The Company's Internal Audit Department is an independent unit, which reports directly to the Audit Committee. Under the Company's yearly internal audit plan, the Internal Control Department will perform an audit of the internal control system, implement the risk management system, and provide general advice under the "Standard for the Professional Practice of Internal Auditing". This standard is an operating guideline and framework of internal audit that focuses on independent, just, and international standard operations with high quality auditing work. Guidelines for the development and training of internal audit staff are also included in the standard.

The Internal Audit Department has full, free and unrestricted access to all data of the Company that it requires to carry out its function. The Internal Audit Department is responsible for the internal auditing of all business unit operations of the Group under its annual internal auditing plan and provides advice to improve the internal audit system. The main considerations are primarily business and operational risks.

The Audit Committee continuously reviews the performance and the adequacy of the internal audit function. In addition, the Audit Committee may recommend improvements to the internal audit and internal control systems to the Board of Directors.



Risk Management

Risks

As a result of the Company's multi-national platform, it is exposed to various types of financial risks, such as foreign exchange risk, interest rate risk, credit and counterparty risks and liquidity risk. The Company uses forward and simple option contracts and interest rate swaps to hedge certain risk exposures.

The Company actively monitors and manages these risks associated with its business activities through an experienced risk management group which is responsible for identifying, evaluating, managing and controlling such risks.

Foreign exchange risks

The Company is exposed to foreign exchange risks arising from its exposure to currencies such as Indonesian Rupiah and US Dollars. These foreign exchange risks arise primarily from the difference of currencies dominated in the Company's sales and costs. As the Company presents its income statement in Baht, it generally benefits in the event the US Dollar appreciates against the Baht. The Company generally manages its foreign exchange risk through the use of forward and simple option contracts.

The Company is also exposed to foreign currency translation risks in respect of its investments in foreign operations. The Company does not hedge its exposure to such risks as the management believes that the exposure to such risks is not significant due to the long-term nature of the Company's investments in foreign operations.

Price risks

Prices of commodities in general, including natural rubber, have been volatile and the Company, like other participants in the natural rubber industry, is exposed to the risk of fluctuations in the price of natural rubber. To mitigate such risks, the Company monitors the demand and supply of natural rubber as well as prices of Natural Rubber Products. Through its long-established relationships, diversified customer base and negotiation power with buyers, the Company is able to transact sales of Natural Rubber Products either on a spot basis or long-term contracts, depending on various factors, including the price of natural rubber. In the event the Company is unable to transact its sales of Natural Rubber Products, it may enter into hedging arrangements through the use of rubber futures contracts.

Interest rate risks

The Company has fixed and floating interest rate borrowings. Interest rate risks refer to the Company's exposure to interest rate fluctuations on the Group's borrowings. The Company manages its exposure to interest rate risks by ensuring that the majority of the borrowings have a suitable repayment term as necessary for the use in such period and considering the trend of the interest rate in such period.

Credit and counterparty risks

A large portion of the Company's sales are to customers in various countries and territories in Asia such as, the PRC, India, Singapore, Japan and Korea and to the United States and Europe, for which the Company will require letters of credit from customers or cash against the presentation of documents of title. As such, the Company is exposed to credit and counterparty risks arising from normal business activities if its customers or counterparties fail to meet their contractual obligations. To mitigate such risks, the Company only transacts with counterparties after taking steps to assess their creditworthiness while also taking into account past transactional experience with such counterparties and their financial position. The Company also regularly monitors its counterparties' use of the credit limits which have been granted, with a specific focus on the counterparties identified as being of higher risk of default. Additionally, for sales into the PRC, the Company generally requires payment of cash on delivery and may grant substantial customers credit terms from the date of issuance of the invoice.

The Company is also exposed to credit risks with respect to the cash deposits which it places with and derivative financial instruments which it enters into with banks and financial institutions. The Company assess the creditworthiness of the banks and financial institutions with whom it transacts and mitigates its exposure by increasing the number of banks and financial institutions with which such cash deposits are placed.

Liquidity risks

The working capital cycle for the Natural Rubber Products produced, from the purchase of raw materials to the receipt of payment from customers, is approximately two to four months. As such, the Company regularly monitors its liquidity requirements to ensure it has sufficient cash to meet its operational needs while also maintaining sufficient headroom on unutilised committed borrowing facilities at all times so that the borrowing limits or covenants on its credit facilities are not breached. Additionally, the Company believes that due to the global demand for Natural Rubber Products, there is a ready market for its inventory and should be able to sell them quickly in the event that the Company is in need of funds.

Internal control systems

The following sets out a summary of the Company's internal control system and functions implemented to handle the risks related to the business:

- **Management Activity Control System** – The Board of Directors sets the operating goals of the Company by determining the clear mission, detailed operating plan of each department, and Key Performance Indicators (KPIs) in financial outcome, operating output, and customer satisfaction. Such control is closely monitored every month.
- **Risk Assessment** – Changing environments may cause business at risk and negative impacts, therefore continuous risk assessment and monitoring are required. Each department shall assess its risk and prepare the solution plan. In addition, there is a management meeting every month to evaluate the current situation and select strategy to cope with the possible risks.
- **Control System** – The Company clearly determines measures and implementation plans by issuing orders, rules, approval authority, and working procedures for the management and all employees.
- **Information and Communication** – The Company has various communication networks, via both the Internet and its Intranet. The Internet is a communications channel between the Company and stakeholders such as shareholders, investors, and other external parties. For internal communication within the Group, the Intranet is the key method for correspondence. This ensures efficiency and accuracy of information, and that information is delivered in time to all related parties.
- **Monitoring and Evaluation Systems** – To monitor operating performance of all business units. Each business unit reports its operating performance to the management every month. The internal audit team also frequently audits all operating units and reports to the Audit Committee quarterly.
- **Risk Reporting** – Daily reports setting out the aggregate amount and cost of raw materials purchased are generated by the managers of each of the Company's rubber processing facilities. In addition, the Company's sales and marketing department also generates a daily sales and inventory report. The senior management team utilises these reports to determine the net position of the Company's sales and cost of goods sold, and hence, the exposure to the various risks.
- **Reviews** – The managers of the Company's rubber processing facilities meet with the procurement and sales and marketing teams on a monthly basis, to prepare the budget (including the targeted monthly production capacities for each of the Company's rubber processing facilities as well as the sales targets for the month). These targets are set after taking into account several factors such as the estimated effective production capacity at each of the rubber processing facilities, the supply of raw materials that the Company is able to acquire, the demand of Natural Rubber Products, the price of natural rubber in the commodities markets and other general economic conditions. Such budgets are then reviewed by the senior management team before they are implemented. Through these monthly budget meetings and the setting of targets, the Company has established procedures which it believes allows it to achieve maximum return on investments within the appropriate risk parameters that are set by the senior management team from time to time.



COMMUNICATION WITH SHAREHOLDERS

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Greater shareholder participation at annual general meetings

The Company aims to provide timely information to shareholders, and such information should be substantial and clear in relation to the matters at hand. The Company ensures that all shareholders should be equally informed of all major developments impacting the Group, and is accessible and responsive to the public at all times.

For more information on communication with shareholders, please refer to the section titled "Corporate Governance – Principles of Good Corporate Governance under the Principles of Good Corporate Governance for Listed Companies of 2006 – Rights of Shareholders" and "Corporate Governance – Principles of Good Corporate Governance under the Principles of Good Corporate Governance for Listed Companies of 2006 – Fair Treatment for Shareholders".

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Besides being committed to continue realising future growth opportunities for our business, we also take our corporate citizenship seriously. We place great emphasis in manufacturing quality products for our customers and at the same time giving back to our community and conserving our planet's resources. We aim to have our products associated with not only being of quality, but being environmentally friendly as well.

As part of our ongoing efforts to attain these objectives, we have focused on the following initiatives.

Our corporate social responsibility policies will be disclosed in our annual reports.

Plantation

We will only develop plantations on land which has been approved by the government for the cultivation of rubber trees. We have documented and will continue to strive to document our agreements with individuals for the purchase of the land for planting, thus demonstrating clear evidence of ownership of our land. We adhere strictly to environment-friendly and community-friendly policies.

Processing Efficiency

We continually seek to improve the efficiency of our processing methods through the modification of our production machinery. This will help us to minimise the production costs of Natural Rubber Products through material savings and optimise existing production processes through the development of innovative processing methods and systems. For example, we have developed various processes and systems which reduce the loss of raw materials through in-process recycling of raw materials.

Energy Savings and Waste Management

We have implemented energy and cost saving measures and other measures related to waste management in our processing facilities. For example, we have reduced the amount and cost of energy expended in our production processes through the use of bio-fuel and the improvement in our production efficiency. We have also instituted waste water treatment measures, such as conducting periodic measurements of the effluent discharged from the processing of natural rubber. We also regularly assess the quality of air emissions from our production facilities. In addition, our processing facilities have also already obtained the internationally-recognised ISO14001 Environmental Health and Safety Management System accreditation.

Community

We have a longstanding commitment to serve our community and have participated in various community initiatives in areas in which our processing facilities and procurement centres are located.

For example, we have participated in various community programmes, such as the Children's Day activities. We have also conducted open house days for some of our production facilities. Additionally, our employees are also encouraged to dedicate their time to various local and national charity events such as national blood donation drives and philanthropic activities with the community.

Environmental Conservation and Sustainability

We also regularly organise events in the areas in which our processing facilities and procurement centres are located to promote environmental conservation and sustainability. For example, we have organised tree planting on special occasions and have instituted campaigns to reduce global warming by encouraging the use of cloth bags in place of plastic bags at our production facilities.



RELATED PARTY TRANSACTIONS

The related party transactions that are material and were disclosed in the notes to the financial statements of STA and the related party transactions that were not disclosed in the notes to the financial statements of STA for the financial year ended 31 December 2010 are as follows:

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
1. SSC	<ul style="list-style-type: none"> An associate company. A company in which STH, the majority shareholder of STA, holds 6% of the shares. A company in which Mr. Viyavood Sinchareonkul, the majority shareholder and the Chairman of STA, holds, directly and indirectly, in an aggregate of 11.83% of the shares. Two directors of STA, who are Mr. Viyavood Sinchareonkul and Mr. Kitichai Sinchareonkul, are the directors of SSC. 	1.1 STA <ul style="list-style-type: none"> Revenue from the sale of Concentrated Latex 	2,344.06	STA sold Concentrated Latex to SSC based on the market price. STA and Rubberland Products were responsible for procuring Concentrated Latex for SSC in accordance with the terms of the Joint Venture Agreement.	The price of the Concentrated Latex that STA sold to SSC was based on the market price that was quoted by SICOM (Singapore Commodity Exchange).
		<ul style="list-style-type: none"> Revenue from the provision of office related services 	5.47	STA entered into an agreement with SSC in relation to the provision of computer equipment and office supplies, legal services, accounting and financial services, including export and import services. The service fee that was charged by STA to SSC for the Bangkok branch office was Baht 50,000 per month and for the Hat Yai branch office Baht 434,000 per month, which were comparable to the market price.	The rate of service fee charged to SSC was comparable to the market price rate for services of a similar nature. In addition, such rate of service fee covered and reflected the reasonable cost of its business operation and an adequate profit margin for the provision of such services.
		<ul style="list-style-type: none"> Accounts receivable 	22.63	Outstanding accounts receivable from the sale of field latex and advance payments at the end of the period.	Outstanding balance according to the payment terms under normal trade conditions and the

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
					accounts receivable were normal.
		<ul style="list-style-type: none"> Revenue from dividends 	189.00	STA received dividends from SSC paid from the operation results of SSC.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of SSC. STA received dividend in proportion to its shareholding in SSC.
		<ul style="list-style-type: none"> Expense in relation to the purchase of rubber gloves 	396.44	STA purchased rubber gloves from SSC for selling to its domestic customers. While STA has its sales office for the domestic market, SSC did not have a local sales office. The purchase price of the rubber gloves was comparable to the wholesale price of other rubber glove producers in the country.	SSC has neither sales nor marketing unit for rubber gloves in Thailand as most of the SSC sales came from overseas customers. For this reason, in order to open its market in Thailand and to maximize the utilization of STA resources, STA purchased the rubber gloves from SSC for domestic sale at a price comparable to the market price. STA received adequate profit from entering into such transaction.



Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
		<ul style="list-style-type: none"> Accounts payable 	77.07	Most of the accounts payable came from the purchase of rubber gloves for domestic sale.	Outstanding balance according to the payment terms under normal trade conditions and the accounts payable were normal.
		1.2 Nam Hua Rubber <ul style="list-style-type: none"> Revenue from the sale of Concentrated Latex 	744.70	Nam Hua Rubber sold Concentrated Latex to SSC at a price comparable to the market price, which was the same price as sold by STA and Rubberland Products pursuant to the Joint Venture Agreement.	The price of the Concentrated Latex that was sold by Nam Hua Rubber to SSC was based on the market price that was quoted by SICOM (Singapore Commodity Exchange).
		1.3 Rubberland Products <ul style="list-style-type: none"> Revenue from the sale of Concentrated Latex 	888.02	Rubberland Products sold Concentrated Latex to SSC at the market price. The Group was responsible for procuring Concentrated Latex to SSC pursuant to the Joint Venture Agreement.	The price of the Concentrated Latex sold by Rubberland Products to SSC was based on the market price that was quoted by SICOM (Singapore Commodity Exchange).
		<ul style="list-style-type: none"> Revenue from the sale of ground water 	41.01	Rubberland Products sold ground water to SSC as its factories were located in the same area. The sale	SSC factory was located near the factory of Rubberland Products

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
				price was at Baht 16 per cubic meter, which was comparable to the price of tap water sold by the Provincial Waterworks Authority.	and SSC did not possess its own ground water well. The price of ground water sold to SSC was comparable to the price of tap water sold by the Provincial Waterworks Authority to the business sector.
		<ul style="list-style-type: none"> Revenue from the provision of field latex tank 	5.00	Rubberland Products entered into the leasing of field latex tank agreement with SSC as SSC did not have its own tank to keep the field latex. The service fee for 2010 was Baht 40,000 per month per tank which reflected the relevant cost and an adequate profit of Rubberland Products.	The service fee for the provision of field latex tank did not have a comparable market price. However, the service fee charged by Rubberland Products covered and reflected the relevant cost and an adequate profit margin.
		<ul style="list-style-type: none"> Revenue from dividends 	52.38	Rubberland Products received dividend from SSC paid from the operation results of SSC.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of SSC. Rubberland Products received a dividend in proportion to its shareholding in SSC.
		1.4 Starlight Express			

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
		Transport <ul style="list-style-type: none"> Revenue from export freight forwarding fees 	7.22	<p>Starlight Express Transport provided export and import services to SSC as Starlight Express Transport has expertise and personnel suitable for the provision of services.</p> <p>The fees for the preparation of the related export and import documentation for the year 2010 were Baht 280 per container and Baht 500 per set respectively and the fee for the trailer service was USD 60 per container.</p> <p>These rates were comparable to the market price of other service providers in the same industry.</p>	Starlight Express Transport has expertise in the logistics services and the documentation work concerning logistics. The rate of service fee reflected the reasonable cost of its business operation and was comparable to other service providers in the same industry.
		<ul style="list-style-type: none"> Revenue from logistic services 	39.99	<p>Starlight Express Transport provided logistics services to SSC as Starlight Express Transport conducted logistics services and has equipment and personnel ready for the provision of such service. The service fee was at the market price according to the transportation route and was adjusted according to the change of the oil price in each period.</p>	Starlight Express Transport has expertise in the logistics services and the documentation work concerning logistics. The rate of service fee reflected the reasonable cost of its business operation and was comparable to other service providers in the same industry.
		1.5 Premier System Engineering <ul style="list-style-type: none"> Revenue from the 	378.76	Premier System Engineering sold	Premier System

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
		manufacturing of machinery and equipment		machinery and equipment to SSC as the machinery used in the manufacturing process of SSC required special specification and SSC wanted to keep its production technology and equipment as its business secret. Premier System Engineering has equipment and personnel suitable for the manufacturing of machinery and equipment. The price of the machinery and equipment sold by Premier System Engineering were comparable to the market price which reasonably reflected the cost of production, operation, and an adequate profit margin.	Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and natural rubber finished products. The price of the machinery and equipment sold to SSC reflected the reasonable cost of its production and an adequate profit margin of Premier System Engineering and was comparable to the market price.
		<ul style="list-style-type: none"> Revenue from cleaning service 	51.76	Premier System Engineering provided cleaning service for the machinery and equipment to SSC as Premier System Engineering has expertise in machinery and equipment and was the seller of machinery and equipment to SSC. The rate of service fee was comparable to the market price and	Premier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
				reflected an adequate profit margin.	natural rubber and natural rubber finished products. The rate of service fee for cleaning the machinery and equipment of Premier System Engineering reflected the reasonable cost of its business operation and an adequate profit margin of Premier System Engineering and was comparable to other service providers in the same industry.
		<ul style="list-style-type: none"> Revenue from information technology services 	9.90	Premier System Engineering provided information technology and information service to SSC as Premier System Engineering has equipment and personnel suitable to provide such services. The service fee depended on the particular type of service and was comparable to the market price.	The service fee was comparable to the market price.
		<ul style="list-style-type: none"> Accounts receivable 	54.49	Outstanding accounts receivable from the aforementioned services.	Outstanding balance according to the payment terms under normal trade conditions and the

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
					accounts receivable were normal.
		<ul style="list-style-type: none"> Deferred income 	72.80	Premier System Engineering received fees from the installation, repair and maintenance of the machinery and equipment and the provision of general services from SSC.	Outstanding balance according to the payment terms under normal trade conditions and the deferred income was normal.
		1.6 Anvar Parawood <ul style="list-style-type: none"> Revenue from the sale of firewood 	579.73	Anvar Parawood sold firewood to SSC as Anvar Parawood operated the business of the sale of rubber wood and has personnel suitable to provide such service. The price of the firewood was the price on the date the transaction was entered into plus the operation cost and an adequate profit margin which was comparable to the market price.	The selling price of the firewood was comparable to the price offered by other sellers.
2. Semperflex Asia	<ul style="list-style-type: none"> An associate company. A company in which STH, the majority shareholder of STA, holds 5.0% of the shares. A company in which Mr. Viyavood Sinchareonkul, the majority shareholder 	2.1 STA <ul style="list-style-type: none"> Revenue from dividends 	75.00	STA received dividends from Semperflex Asia paid from the operation results of Semperflex Asia.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of Semperflex Asia. STA received dividend in proportion to its shareholding in Semperflex Asia.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
	<p>and the Chairman of STA, holds, directly and indirectly, in an aggregate of 12.38% of the shares.</p> <ul style="list-style-type: none"> Two directors of STA, who are Mr. Viyavood Sinchareonkul and Mr. Kitichai Sinchareonkul, are the directors of Semperflex Asia. 	2.2 Rubberland Products <ul style="list-style-type: none"> Revenue from dividends 	10.00	Rubberland Products received dividends from Semperflex Asia paid from the operation results of Semperflex Asia.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of Semperflex Asia. Rubberland Products received dividend in proportion to its shareholding in Semperflex Asia.
		2.3 Starlight Express Transport <ul style="list-style-type: none"> Revenue from logistics services 	5.17	Starlight Express Transport provided logistics services to Semperflex Asia as Starlight Express Transport conducted logistics services and has equipment and personnel ready for the provision of such service. The service fee was at the market price according to the transportation route and was adjusted according to the change of the oil price in each period.	Starlight Express Transport has expertise in logistics services and documentation work concerning logistics. The rate of service fee reflected the reasonable cost of its business operation and was comparable to other service providers in the same industry.
		2.4 Premier System Engineering <ul style="list-style-type: none"> Revenue from the 	14.71	Premier System Engineering sold	Premier System

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
		manufacturing of machinery and equipment		machinery and equipment to Semperflex Asia as the machinery used in the manufacturing process of Semperflex Asia required special specification and Semperflex Asia wanted to keep its production technology and equipment as its business secret. Premier System Engineering has equipment and personnel suitable for the manufacturing of machinery and equipment. The price of the machinery and equipment sold by Premier System Engineering were comparable to the market price.	Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and natural rubber finished products. The price of the machinery and equipment sold to Semperflex Asia reflected the reasonable cost of its production and an adequate profit margin of Premier System Engineering and was comparable to the market price.
		2.5 Anvar Parawood <ul style="list-style-type: none"> Revenue from the sale of pallets 	6.36	Anvar Parawood sold pallets to Semperflex Asia as Anvar Parawood conducted the business of selling rubber wood and has personnel suitable for providing such service. The price of pallets sold to Semperflex Asia was comparable to the market price.	The price of the pallets was comparable to the price of other sellers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
3. Thai Tech Rubber	<ul style="list-style-type: none"> An associate company. Two directors of STA, who are Mr. Viyavood Sinchareonkul and Mr. Paul Sumade Lee, are the directors of Thai Tech Rubber. 	3.1 Sri Trang International <ul style="list-style-type: none"> Cost of the purchase of TSR 	6,269.56	Sri Trang International purchased TSR from Thai Tech Rubber for selling to international market. The purchase price was based on SICOM.	The natural rubber that the Group produced to international customers was distributed by Sri Trang International as Thai Tech Rubber did not do marketing or sale of natural rubber to international customers. The natural rubber price that Thai Tech sold to Sri Trang International was comparable to the market price that third party producers sold to Sri Trang International.
		<ul style="list-style-type: none"> Accounts payable 	771.60	Accounts payable from the provision of the aforementioned services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts payable were normal.
4. Pattana Agro Futures	<ul style="list-style-type: none"> An associate company. Two directors of STA, who are Mr. Viyavood Sinchareonkul and Mr. 	4.1 STA <ul style="list-style-type: none"> Accounts receivable (payable) for the future trading of 	81.27	Accounts receivable (payable) from the trading of natural rubber future contracts. The transaction was on a net	Normal business transaction for future trading.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
	Kitichai Sinchareonkul, are the directors of Pattana Agro Futures.	natural rubber		profit basis and the margin has already been deposited	
5. Prukso Rubber Co., Ltd.	The Executives Officer of STA, Mr. Udom Pruksanusak and siblings, hold more than 50% of the shares in Prukso Rubber Co., Ltd. Mr. Udom Pruksanusak is the authorized signatory of Prukso Rubber Co., Ltd.	5.1 STA <ul style="list-style-type: none"> Revenue from the sale of field latex 	5.32	STA sold field latex to Prukso Co., Ltd. The sale was made at the STA rubber plantation because STA did not have any department to handle the transportation of field latex on its own and in order to save cost on the management, sales, and related personnel. The price at which field latex was sold to Prukso Co., Ltd. was at the price determined daily by the procurement department of STA.	Due to the fact that at present, STA did not have many rubber plantation areas ready for tapping and for saving cost, STA decided to minimize its obligations on transportation and management by selling field latex to Prukso Rubber Co., Ltd. at the price determined by the procurement department of the Group.
		5.2 Nam Hua Rubber <ul style="list-style-type: none"> The purchase of field latex 	120.09	Nam Hua Rubber purchased field latex from Prukso Rubber Co., Ltd. because the rubber plantations of Prukso Rubber Co., Ltd. were located close to the factory and the purchasing center for purchasing field latex of Nam Hua Rubber. Moreover, Prukso Rubber Co., Ltd. was capable of supplying rubber of the quality and quantity as required by Nam Hua	Nam Hua Rubber required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement department of the

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
				Rubber. The purchase price of the field latex was at the price that the Group made an announcement to general customers in front of its factory.	Group for the purpose of purchasing raw materials from general suppliers.
		5.3 Sadao P.S. Rubber • Cost of the purchase of raw rubber	12.26	Sadao P.S. Rubber purchased raw rubber from Prukha Rubber Co., Ltd., as Prukha Rubber Co., Ltd. was a dealer, by purchasing raw rubber from the farmers and selling it to factories that manufacture raw rubber in the Sadao District which are close to the factories of Prukha Rubber Co., Ltd. Moreover, Prukha Rubber was capable of supplying raw rubber the quality and quantity as required by Sadao P.S. Rubber. The purchase price of raw rubber was the price that the Group made an announcement to general customers in front of its factory.	Sadao P.S. Rubber required unsmoked sheet rubber as the raw material for the production of RSS. The purchase price was at the market price determined daily by the procurement department of the Group for the purpose of purchasing raw materials from general suppliers.
6. Worldwide Shipping Logistic Service Pte.	A company with 100% of its shares owned by a spouse of a child of a Director of STA – Mr. Prasit Panidkul	6.1 STA • Transportation expense	5.38	Worldwide Shipping Logistic Service Pte., provided freight forwarding service for transportation of goods from STA factories to foreign customers. The service fee paid by STA to Worldwide Shipping Logistic Service Pte., was comparable with the service fee of other service providers having no connection with the Group.	The fee was reasonable and comparable to the market price.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
				STA will conduct a price comparison each time it enters into an agreement for receiving such services.	
		6.2 Sri Trang International <ul style="list-style-type: none"> Transportation Cost 	15.73	Worldwide Shipping Logistic Service Pte., provided freight forwarding service for transportation of goods to foreign customers. The service fee paid by Sri Trang International to Worldwide Shipping Logistic Service Pte., was comparable with the service fee of other service providers having no connection with the Group. Sri Trang International will conduct a price comparison each time it enters into an agreement for receiving such services.	The fee was reasonable and comparable to the market price.
7. The Board of Director of STA consists of: <ul style="list-style-type: none"> Mr. Somwang Sinchareonkul Mr. Viyavood Sinchareonkul Mr. Kitichai Sinchareonkul Mr. Prasit Panidkul Mr. Chaiyos 	Directors of STA and the subsidiaries	Personal guarantees have been provided on the loans that have been extended to STA and subsidiaries by financial institutions	3,890.00 (total amount of loan including guarantee by directors)	Directors of STA and the subsidiaries provided personal guarantees on the loans that have been extended to STA and subsidiaries by financial institutions as a requirement of borrowing specified by certain financial institutions.	Such support complied with the requirements of sponsor support agreement and was made for the benefit of STA and the subsidiaries. The directors acting as guarantors did not charge any fee for providing the personal guarantee.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)	Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
Sinchareonkul • Mrs. Promsuk Sinchareonkul • Mr. Anan Pruksanusak					

Audit Committee's Opinion on Related Party Transactions

The Audit Committee of STA evaluated and expressed its opinion on the above related party transactions that such transactions were carried out reasonably and were necessary to the business operation of STA.

Measures or Procedures for Approving the Related Party Transactions

In the event that STA or its subsidiaries carries out its business with a party who may have a conflict of interest, whether at present or in the future, or have an interest with STA, the Audit Committee will express its opinion regarding the necessity and the reasonableness of the price of such transaction. The Audit Committee will ensure that the terms and conditions of these transactions are consistent with market practice and the prices charged for these transactions compared with third party or market prices. If the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, STA will arrange an independent expert or the auditor of STA to give an opinion on such transactions. The Board of Directors or Audit Committee or the STA shareholders, as the case may be, will use this opinion from the independent expert as a supplement to form their own conclusion. Those directors who may have an interest in the transaction are prohibited from voting on such transactions. In addition, related party transactions will be disclosed in the notes to the STA's audited or reviewed financial statements.

At present, STA has a pricing policy for its subsidiaries, associates, joint venture entities and related companies as follows:

	Pricing Policy
Sales of products and raw materials	At arm's length as if it was transacted with a third party
Revenues from services – logistic services	At arm's length as if it was transacted with a third party
Revenues from services – management services	At fixed rate pursuant to the contract which is comparable to the market price
Interest income from trade credit	At arm's length as if it was transacted with a third party
Rental income	At a contract price which had been agreed upon and is comparable to the market price
Product purchase	At arm's length as if it was transacted with a third party
Rental and Service Expenses	At arm's length as if it was transacted with a third party
Guarantee	No fee charged
Fixed assets acquisition	At arm's length as if it was transacted with a third party

Furthermore, the Board of Directors Meeting resolved to approve in principle business transactions with general trading conditions or supporting normal business transactions with general trading conditions between STA or its subsidiaries and the Directors, Executive Officers or any related parties.

STA and its subsidiaries may purchase raw materials, sell products, provide transportation services or enter into any other transactions between the Directors, Executive Officers or related parties, whether at present or in the future. In this regard, STA authorizes the management to approve such transactions if the purchase price, selling price, transportation fees or other related transactions is not different from the price offered to other customers (market price) and the conditions and commercial terms are the same as those an ordinary person would agree with any party under similar circumstances. The transportation fee shall be the same as the rate of transportation used by the general public. In respect of the transportation fee, the fee will be according to the normal market rate, but shall not be more than 10% compared with the fee paid by other trade partners. In addition, STA shall prepare a report on the summary of the transactions every quarter to present to the Board of Directors Meeting or upon the request of the Board of Directors.



Policy on Future Related Party Transactions

In the event that STA engages in related party transactions in the future, STA will ensure that such transactions are carried out in compliance with the SEC Act, the Securities Law of Singapore, regulations, notifications, orders or rules of the SET and SGX-ST. In addition, STA must also comply with the Thai GAAP on disclosure rules related to related party transactions and other requirements as specified by the Institute of Certified Accountants of Thailand and the Company's policy or other relevant laws.

In addition, when STA enters into related party transactions, STA will seek the Audit Committee's opinion on the reasonableness of such transactions. In the event that the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, the Committee may for arrange an independent expert, such as auditor or independent appraiser, to give opinion on the transactions. The opinion of the Audit Committee or the independent expert will be used by the Company's Board of Directors or shareholders, as the case may be, for making a decision to ensure that these related party transactions are carried out without any conflict of interest and for the best interest of all shareholders.

Interested Person Transactions (as defined in the Listing Manual)

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (Baht '000) ⁽¹⁾	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) (Baht '000) ⁽¹⁾
Pruksa Rubber Co., Ltd.	137,670	-
Worldwide Shipping Logistic Service Pte.	21,110	-
The Board of Directors of STA and their associates, namely:	3,893,200	-
• Mr. Somwang Sinchareonkul		
• Mr. Viyavood Sinchareonkul		
• Mr. Kitichai Sinchareonkul		
• Mr. Prasit Panidkul		
• Mr. Chaiyos Sinchareonkul		
• Mrs. Promsuk Sinchareonkul		
• Mr. Anan Pruksanusak		
• Mr. Somboon Pruksanusak		

Note: (1) Based on an exchange rate of Baht 23.56 to SGD 1 as at 30 December 2010.

UTILISATION OF IPO PROCEEDS

The Company refers to the gross proceeds amounting to SGD336 million raised from the initial public offering of its shares on the Singapore Exchange Securities Trading Limited in January 2011.

As at 23 March 2011, the status on the use of proceeds raised from the initial public offering of the Company is as follows:

	Allocation (SGD million)	Approximate actual utilisation (SGD million) ⁽¹⁾	Approximate amount yet to be utilised (approximately) (SGD million) ⁽¹⁾
Acquisition and/or construction of new and expansion of existing rubber processing facilities	204.75	24.45	180.30
Acquisition of land for rubber plantations	63.00	10.64	52.36
General working capital purposes	47.25	47.25	-
Listing expenses	21.00	18.34	2.66

The utilisation is in accordance with the intended use of proceeds of the initial public offering and in accordance with the percentage allocated, as stated in the prospectus of the Company, which was registered by the Monetary Authority of Singapore on 20 January 2011.

Notes: (1) Based on the close mid foreign exchange rate from Bloomberg as of 25 January 2011, being SGD 1 to Baht 24.163.

MATERIAL CONTRACTS

Save as disclosed in "Related Party Transactions", there were no other material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or controlling shareholder which are either still subsisting at the end of the financial year or entered into since the end of the previous financial year.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. Financial Condition and Results of Operations

Summary of Financial Results

Table Summary of Auditors' Report

The auditors expressed an unqualified opinion for the past three years.

Table of Summary of Consolidated Financial Statement

Operating results of the Company and subsidiaries in 2008-2010

<u>Consolidated Financial Statement</u> (Unit : Baht Thousand)	2008	2009	2010
Sales and service income ⁽¹⁾	60,134,198	45,909,766	83,845,329
Total revenue	60,570,779	46,979,519	85,599,759
Gross profit	2,917,656	3,534,458	5,166,797
Net profit	617,927	2,141,986	3,852,716
Par value (Baht per share)	5.00	5.00	1.00
Average weighted shares (Thousand shares)	200,000	200,000	1,000,000
Net profits (Baht per share)	3.09	10.71	3.85
Dividends (Baht per share)	1.00	3.00	1.25
Total Assets	15,180,575	23,105,359	37,047,025
Total Liabilities	9,772,775	15,736,588	26,632,361
Paid-up capital	1,000,000	1,000,000	1,000,000
Shareholders' equity	5,407,800	7,368,771	10,414,664
Minority shareholders' equity	(5,666)	36,270	42,211
Book value (Baht per share)	27.04	36.84	10.41
Net profit on total revenue (%)	1.03	4.56	4.50
Return on equity (%)	13.27	33.53	43.33
Return on total asset (%)	3.73	11.19	12.81

Note (1) Income from 2008 sales including other net profit (loss)

Type of Income	2008		2009		2010	
<u>Consolidated Financial Statement</u> (Unit : Thousand Baht)	Income	%	Income	%	Income	%
TSR	38,523,749	64	30,584,771	67	58,909,151	70
RSS	14,034,932	23	8,677,453	19	15,046,481	18
Concentrated Latex	6,363,893	11	5,313,981	11	8,168,800	10
Other businesses	1,211,624	2	1,333,561	3	1,720,897	2
Total	60,134,198	100%	45,909,766	100%	83,845,329	100%

Group Operating Results in 2008

	Company Name	Unit	Total Revenue	Profit (Loss)	Total Assets	Total Liabilities	Shareholder equity
1	Nam Hua Rubber	Thousand Baht	4,113,535	(146,528)	844,145	605,219	238,926
2	Rubberland Products	Thousand Baht	862,783	13,686	500,630	56,541	444,088
3	Sadao P.S. Rubber	Thousand Baht	1,173,683	8,893	131,494	76,511	54,983
4	Premier System Engineering	Thousand Baht	363,703	39,398	233,628	27,787	205,840
5	Anvar Parawood	Thousand Baht	566,590	(11,792)	63,926	22,872	41,054
6	Starlight Express Transport	Thousand Baht	342,568	11,488	101,730	31,573	70,157
7	Startex Rubber	Thousand Baht	3,622	(5,358)	69,248	113	69,135
8	Sri Trang International	Thousand US Dollars	773,990	1,242	125,269	105,609	19,661
9	Sri Trang USA, Inc.	Thousand US Dollars	121,464	780	46,833	43,495	3,338
10	PT Sri Trang Lingga	Million Rupiah	1,188,783	(48,988)	303,167	345,915	(42,748)
11	SSC	Thousand Baht	7,814,956	564,371	4,434,958	519,068	3,915,890
12	Semperflex Asia	Thousand Baht	1,332,857	161,308	1,048,158	173,257	874,901
13	Semperform Pacific	Thousand Baht	51,813	(11,474)	78,712	9,842	68,870
14	Sempermed USA	Thousand US Dollars	108,884	1,133	31,634	25,172	6,461
15	Thai Tech Rubber	Thousand Baht	14,542,593	283,731	2,336,867	1,451,087	885,780
16	Pattana Agro Futures	Thousand Baht	18,059	4,075	148,597	57,724	90,873
17	Shanghai Semperit	Thousand Yuan	102,457	22,628	119,539	20,185	99,354
18	Thai Tank Installation	Thousand Baht	126	(158)	17,827	2,519	15,308
19	Semperflex Shanghai	Thousand Yuan	53,225	(2,405)	135,158	29,489	105,669
20	Sri Trang Rubber & Plantation	Thousand Baht	63	(830)	48,988	128	48,860
21	Sempermed Singapore ⁽¹⁾	Thousand US Dollars	-	-	12,121	6,121	6,000

Note (1) In this year, the Company established Sempermed Singapore in Singapore with Semperit Technische with the shareholding structure of 50:50. The registered capital is USD 6 Million and the Company holds 50% as investing capital of USD 3 Million or Baht 104.97 Million. Sempermed Singapore will invest and market examination glove through a distributor in Brazil, a country with a high potential growth in the medical industry.



Group Operating Results in 2009

	Company Name	Unit	Total Revenue	Profit (Loss)	Total Assets	Total Liabilities	Shareholder equity
1	Nam Hua Rubber	Thousand Baht	3,703,226	315,559	1,623,299	1,076,409	546,890
2	Rubberland Products	Thousand Baht	741,815	163,972	884,487	278,940	605,547
3	Sadao P.S. Rubber	Thousand Baht	795,444	1,761	359,582	303,797	55,785
4	Premier System Engineering	Thousand Baht	409,323	44,281	325,907	83,101	242,806
5	Anvar Parawood	Thousand Baht	601,687	10,552	58,721	8,179	50,541
6	Starlight Express Transport	Thousand Baht	286,529	18,414	129,359	56,475	72,884
7	Startex Rubber	Thousand Baht	3,153	(2,932)	66,337	665	65,672
8	Sri Trang International	Thousand US Dollars	519,228	2,251	139,794	107,882	31,911
9	Sri Trang USA	Thousand US Dollars	83,758	(553)	37,873	35,088	2,785
10	PT Sri Trang Lingga	Million Rupiah	958,750	115,626	358,946	227,808	131,138
11	SSC	Thousand Baht	8,160,262	1,444,097	6,432,186	2,572,200	3,859,986
12	Semperflex Asia	Thousand Baht	599,727	12,642	942,213	104,670	837,543
13	Semperform Pacific	Thousand Baht	48,726	(2,072)	67,931	1,133	66,798
14	Sempermed USA	Thousand US Dollars	121,717	776	30,032	22,795	7,237
15	Thai Tech Rubber	Thousand Baht	7,991,904	36,078	3,418,988	2,638,130	780,858
16	Pattana Agro Futures	Thousand Baht	31,332	6,089	175,566	78,604	96,962
17	Shanghai Semperit	Thousand Baht	100,612	21,843	136,815	14,230	122,585
18	Semperflex Shanghai	Thousand Yuan	41,171	(3,952)	129,180	27,140	102,040
19	Sri Trang Rubber & Plantation	Thousand Baht	26	(1,377)	118,511	1,028	117,483
20	Sempermed Singapore	Thousand US Dollars	-	(266)	7,343	563	6,779
21	Shanghai Sempermed ⁽¹⁾ (Shanghai Foremost Plastic Industrial)	Thousand Yuan	86,946	8,057	55,751	10,830	44,921
22	Shi Dong Investments ⁽²⁾	Thousand US Dollars	-	(16)	8,987	3	8,984
23	PT Star Rubber ⁽³⁾	Million Rupiah	-	(2,807)	154,214	79,573	74,641
24	Sempermed Brazil ⁽⁴⁾	Thousand Reais	38,311	10,761	22,060	5,466	16,594

- Note (1) 100% held by SSC
 (2) 100% held by Sri Trang International
 (3) 99% held by Shi Dong Investments
 (4) 100% held by Sempermed Singapore

Group Operating Results in 2010

	Company Name	Unit	Total Revenue	Profit (Loss)	Total Assets	Total Liabilities	Shareholder equity
1	Nam Hua Rubber	Thousand Baht	6,473,876	401,163	2,185,627	1,237,574	948,053
2	Rubberland Products	Thousand Baht	3,802,896	77,552	3,415,300	2,731,662	683,638
3	Sadao P.S. Rubber	Thousand Baht	997,723	2,086	355,929	297,945	57,985
4	Premier System Engineering	Thousand Baht	654,110	75,544	510,135	191,785	318,351
5	Anvar Parawood	Thousand Baht	675,462	8,960	81,809	22,307	59,502
6	Starlight Express Transport	Thousand Baht	335,506	17,814	153,603	62,905	90,698
7	Startex Rubber	Thousand Baht	4,698	(1,589)	64,754	671	64,083
8	Sri Trang International	Thousand US Dollars	930,334	14,001	251,237	205,324	45,913
9	Sri Trang USA.	Thousand US Dollars	177,935	3,440	71,149	64,923	6,225
10	PT Sri Trang Lingga	Million Rupiah	2,009,009	59,521	723,961	555,802	168,159
11	SSC	Thousand Baht	9,911,770	1,344,108	5,981,985	1,377,890	4,604,095
12	Semperflex Asia	Thousand Baht	1,082,454	182,526	1,011,074	191,005	820,069
13	Semperform Pacific	Thousand Baht	1,491	(240)	16,187	448	15,739
14	Sempermed USA	Thousand US Dollars	125,799	2,000	31,584	22,346	9,237
15	Thai Tech Rubber	Thousand Baht	14,881,867	282,933	5,056,426	3,992,633	1,063,792
16	Pattana Agro Futures	Thousand Baht	26,123	6,621	249,570	145,987	103,583
17	Shanghai Semperit	Thousand Yuan	117,773	(10,152)	132,466	20,033	112,433
18	Semperflex Shanghai	Thousand Yuan	75,741	8,798	140,368	29,530	110,838
19	Sri Trang Rubber & Plantation	Thousand Baht	94	(7,509)	414,811	4,837	409,974
20	Sempermed Singapore	Thousand US Dollars	632	417	7,860	664	7,197
21	Shanghai Sempermed ⁽¹⁾ (Shanghai Foremost Plastic Industrial)	Thousand Yuan	85,474	(305)	49,048	4,276	44,772
22	Shi Dong Investments ⁽²⁾	Thousand US Dollars	12	(2)	9,984	3	9,982

	Company Name	Unit	Total Revenue	Profit (Loss)	Total Assets	Total Liabilities	Shareholder equity
23	PT Star Rubber ⁽³⁾	Million Rupiah	616,592	671	261,700	185,694	76,006
24	Sempermed Brazil ⁽⁴⁾	Thousand Reais	31,629	(888)	18,930	3,223	15,707
25	Shi Dong Shanghai	Thousand Yuan	2,085	265	35,807	2,044	33,763

Note (1) 100% held by SSC
(2) 100% held by Sri Trang International
(3) 99% held by Shi Dong Investments
(4) 100% held by Sempermed Singapore

Financial Ratios

Financial Ratios		Consolidated			Company		
		2008	2009	2010	2008	2009	2010
<u>Liquidity Ratios</u>							
Current Ratio	time	0.92	1.13	1.17	0.80	1.09	1.22
Quick Ratio	time	0.45	0.41	0.34	0.52	0.39	0.38
Cash Flow Liquidity Ratio	time	0.38	(0.37)	(0.39)	0.39	(0.39)	(0.22)
Accounts Receivable Turnover	time	16.80	13.27	17.05	11.71	8.47	13.88
Average Collection Period	day	22	28	21	31	43	26
Inventory Turnover (only Finished goods)	time	15.49	9.78	9.81	20.57	11.43	10.59
Inventory Period	day	27	37	37	23	32	34
Accounts Payable Turnover	time	52.08	40.17	38.54	61.72	43.64	45.52
Average Payment Period	day	7	9	9	6	8	8
Cash Cycle	day	42	56	49	48	67	52
<u>Profitability Ratios</u>							
Gross Profit Margin	%	4.85	7.70	6.16	4.98	8.73	6.63
Operating Profit Margin	%	0.30	2.35	2.51	0.42	3.03	2.53
Other Income Margin	%	0.72	2.28	2.05	0.46	2.90	2.80
Net Profit Margin	%	1.03	4.67	4.60	0.87	6.01	5.41
Return on Equity ROE ⁽¹⁾	%	12.86	34.16	43.56	10.47	37.22	44.10
<u>Efficiency Ratios</u>							
Return on Assets ROA ⁽²⁾	%	3.64	11.40	12.88	6.12	11.44	13.11
Return on Fixed Assets	%	28.33	63.04	89.64	26.30	75.48	120.06
Fixed Assets Turnover Ratio ⁽³⁾	time	19.07	11.47	17.73	19.01	11.04	20.66
Total Assets Turnover Ratio	time	3.65	2.45	2.85	3.16	1.96	2.49
<u>Financial Leverage Ratios</u>							
Net Debt to Equity Ratio	time	1.61	2.00	2.39	1.91	2.33	2.20
Debt to Equity Ratio	time	1.81	2.14	2.56	1.99	2.44	2.31
Interest Coverage Ratio	time	2.46	9.03	11.02	2.15	9.21	11.83
Dividend Payout	%	32.37	28.01	41.53	67.11	41.58	67.15
<u>Per Share</u>							
Par Value per share	Baht	5.00	5.00	1.00	5.00	5.00	1.00
Book Value per share	Baht	27.04	36.84	10.41	16.25	22.54	6.30
Earnings per share	Baht	3.09	10.71	3.85	1.49	7.22	2.38
<u>Growth Ratio</u>							
Growth rate of Sales Values	%	20.23	(24.20)	82.64	20.76	(29.55)	83.29
Growth rate of Sales Volume	%	(6.35)	12.33	11.27	(5.00)	2.75	10.49
Growth rate of Net Profit Margin	%	470.18	246.64	79.87	26,318	384.39	65.04
Growth rate of Total Assets	%	(15.54)	52.20	60.34	(19.15)	59.21	34.59

Notes (1) Return on Equity (ROE) is calculated by average Shareholders' Equity.
(2) Return on Assets (ROA) is calculated by average Total Assets.
(3) Fixed Assets Turnover Ratio is calculated by average Fixed Assets.

2. Management's Discussion and Analysis of Financial Condition and Results of Operations

2010 is considered the best performance year of the Company since its inception due to the strong global demand of natural rubber products. The emerging countries economy such as China, India, Brazil including Asian region had a good percentage of growth while developed countries economy also made a satisfactory recovery during the year. The consumption of natural rubber from tyre manufacturing industry has continued to grow impressively and was the major influence factor of continued rising rubber price throughout the year 2010.

For the year 2010, total sale of goods and services was Baht 83,845.3 million, an increase of Baht 37,935.5 million Baht, or 82.6%, from Baht 45,909.8 million for the year 2009, attributable to 11.3% increase in sale volume as well as 65.6% increase in selling price of Natural Rubber Products. The volume sold for the year was 840,462 metric tons. Such increase in sale volume and selling price was due to increase in demand of Natural Rubber Products, particularly from the tyre manufacturing industry which is heavily influenced by the better condition of the global economy in 2010.

Gross profit for the year 2010 was Baht 5,166.8 million, an increase of Baht 1,632.3 million, or 46.2%, from gross profit of Baht 3,534.5 million for the year 2009. Gross profit margin decreased from 7.7% in 2009 to 6.2% in 2010. A decrease in gross profit margin in 2010 as compared to 2009 was due primarily to an increase in price of raw materials in 2010 at faster rate than 2009 and the impact of the change in export tariff (cess rate) from Baht 1.4 per kilogram to Baht 5.0 per kilogram which was effective in 1 October 2010.

Operating profit for the year 2010 was Baht 3,862.0 million, an increase of Baht 1,984.9 million, or 105.7%, from operating profit of Baht 1,877.1 million for the year 2009. This was due to (1) a slower increase rate of selling and administrative expenses (SG&A) compared to the sale value (2) an increase in gain on exchange rate and (3) Other gain loss – net.

Net profit for the year 2010 was Baht 3,852.7 million, an increase of Baht 1,710.7 million, or 79.9%, from operating profit of Baht 2,142.0 million for the year 2009. This was despite of a decrease of Baht 48.7 million in share of profit from associates and joint ventures and an increase in finance costs of Baht 67.8 million as a result of increase in short-term loan to finance higher working capital levels arising from significant increase in market price of Natural Rubber Products.

Other Factors Affecting the Company's Operation

Rubber price level

In the year 2010, the company has enjoyed the continued strong recovery in Asian economies. Coupled with stimulus packages initiated by various countries all over the world, the number of car sold increased substantially. The tire industry moved in the same positive direction as the result. The Chinese automobile industry continued to enjoy the double digits growth. Due the strong demand as explained, it has caused natural rubber price rose for the whole year.

For the benchmark of SICOM, the average price of TSR and RSS were 3,380 and 3,654 US Dollar per ton respectively in year 2010, represented an increase of 88% - 90% compared to year 2009 per below table.

(Unit : US Dollar per ton)

SICOM average price	Year 2009	Year 2010	Increase	Percent (%)
TSR	1,801	3,380	1,579	88
RSS	1,921	3,654	1,733	90



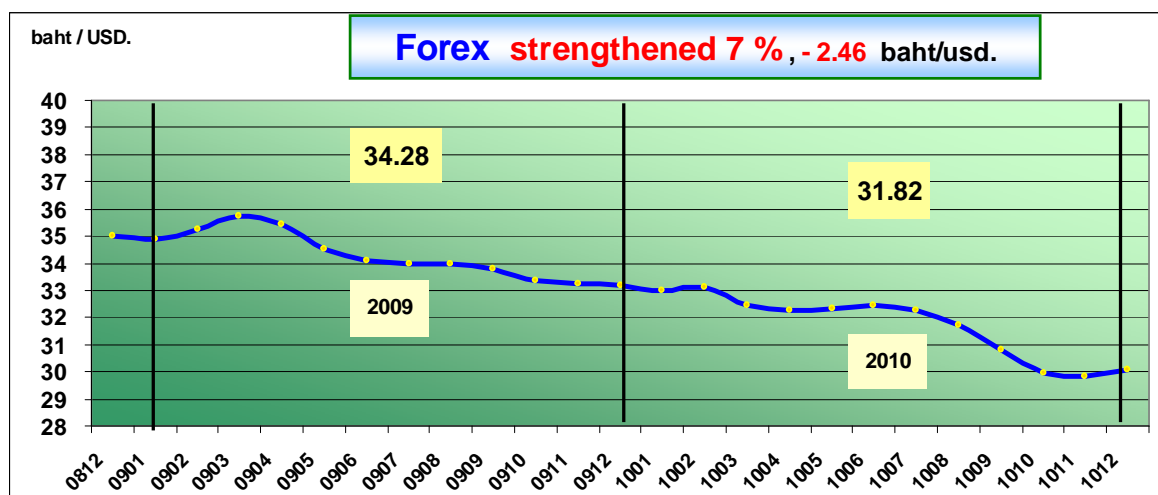
Closing price of SICOM on quarterly basis for the year 2009 – 2010

(Unit : US Dollar per ton)

SICOM average price	Q1/09	Q2/09	Q3/09	Q4/09	Closing Price 31/12/09	Q1/10	Q2/10	Q3/10	Q4/10	Closing Price 31/12/10
TSR	1,328	1,524	1,835	2,516	2,895	3,098	3,023	3,145	4,253	5,000
RSS	1,461	1,664	1,995	2,565	2,885	3,186	3,733	3,375	4,322	5,000

Exchange Rate

US Dollar /Thai Baht exchange rate has strengthened from 34.28 Baht/US Dollar in 2009 to 31.82 Baht/US dollar in 2010. It represented an increase of 7% or 2.46 Baht/US dollar.



Graph showing US Dollar / Thai Baht Exchange Rate

The Company has the policy to hedge its foreign currency exposure by using financial derivatives the instrument in mitigate any impacts from currency volatility. In year 2010 the company recorded Baht 878.8 million in foreign exchange gain represented an increase of 63.3% from exchange gain of Baht 538 million in 2009

Unit : Baht million

Consolidated Statement	2009	2010	increase	%
Exchange Rate Gain (Loss)	538.0	878.8	340.8	63.3

As at 31 December 2010, the group had outstanding foreign exchange with various financial institutions of US dollar 463.9 million equivalents to Baht 14,038.8 million.

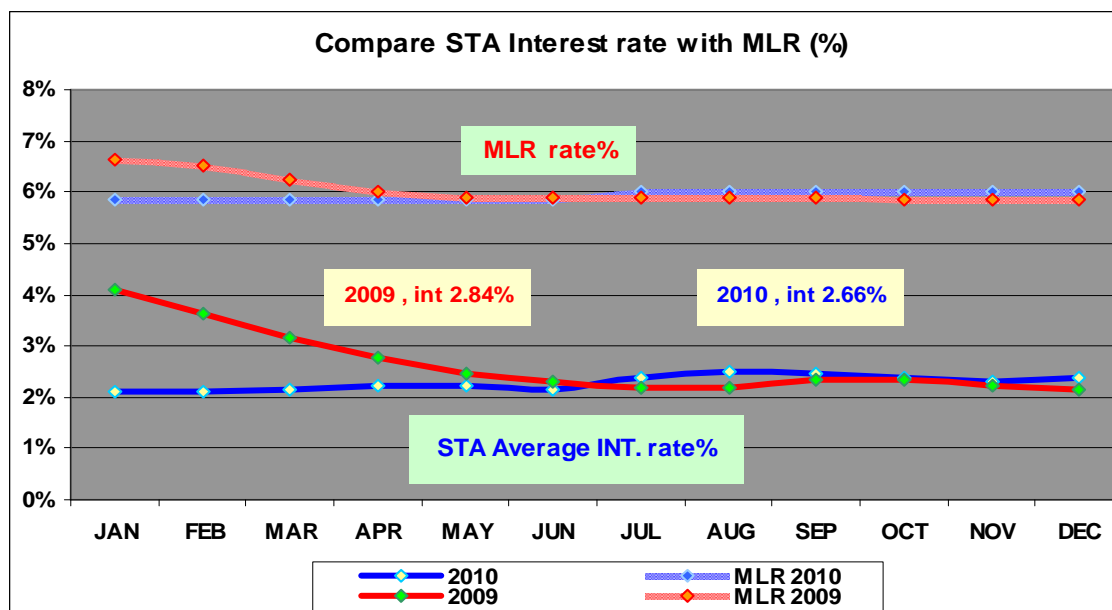
Financing Costs

Unit : Baht million

Consolidated Financial Statement	2009	% of Sales	2010	% of Sales	Increase	%
Sales revenue	45,909.7		83,845.3		37,935.6	82.6
Interest paid	329.9	0.72	397.7	0.47	67.8	20.5

Due to the continued rise of rubber price, the group had got the additional financial support from various commercial banks both short and long term facilities. This was to be used as the working capital for daily operation and capacities expansion project. The total financial cost increased by Baht 67.8 million or 20.5% from Baht 329.9 million in 2009 to Baht 397.7 million in 2010. Nevertheless the average interest rate paid was lower from 2.84% in 2009 to 2.66% in 2010. The financing cost as percentage of sales reduced from 0.72 to 0.47. The company as the regional leader in rubber industry was able to access and manage source of funding

as the most competitive compared to the peers. The below table illustrated the comparative cost of funding against Minimum loan rate for the year 2009 - 2010.



Graph showing the Company's Interest Rate and Banks' MLR

Shares of Profit from Investment in Affiliates

Share of profit from investment in affiliates and joint venture dropped marginally 6.5% from Baht 744.5 million to Baht 695.8 million. This was due to examination gloves related business did face raw material cost factor. The rising price of latex, more competitions derived from capacities expansion, and switching trend of synthetic glove (NBR) in certain consumer market had put some pressure on the performance on those affiliates. However high pressure hydraulic hose and TSR business had made a good turn around compared to the operation in 2009.

Shares of profit and loss from 10 investments in the affiliated and joint venture companies were as follows:

Unit : Baht million

Shares of profit and loss in the affiliated companies (Baht Million)	Activities	2009	2010	Increase (decrease)	%
1. SSC	powdered and powder -free latex examination gloves	591.2	520.8	(70.4)	(11.9)
2. Semperflex Asia	High-pressure hydraulic hose	10.0	74.7	64.7	647
3. Semperform Pacific	injection-molded rubber, plastic part	(0.8)	0.1	0.9	112.5
4. Thaitech Rubber	STR block rubber	11.5	70.3	58.8	511.3
5. Sempermed USA.	Distributes latex examination gloves in U.S. market	27.4	22.0	(5.4)	(19.7)
6. Pattana Agro Futures	Brokerage activities in Agro Future	1.7	2.6	0.9	52.9

Shares of profit and loss in the affiliated companies (Baht Million)	Activities	2009	2010	Increase (decrease)	%
	Exchange of Thailand				
7. Semperflex Shanghai	High-pressure hydraulic hose	(10.2)	21.2	31.4	307.8
8. Sempermed Singapore	Invest in Sempermed Brazil	13.3	(2.0)	(15.3)	(115.0)
9. Shanghai Sempermed (Shanghai Foremost Plastic Industrial - Subsidiary of SSC)	PVC gloves	6.9	(5.9)	(12.8)	(185.5)
10. Sempermed Brazil (Subsidiary of Sempermed Singapore)	Trading / distributing latex and synthetic gloves in Brazil Market	93.5	(8.0)	(101.5)	(108.5)
Total		744.5	695.8	(48.7)	(6.5)

Business Segmentation Analysis

Revenue breakdown by product segment (Baht million)

Sale Value	Year Ended 31 December			
	2009		2010	
	Baht million	Percent	Baht million	Percent
RSS	8,677.40	18.9	15,046.40	17.9
TSR	30,584.80	66.6	58,909.10	70.3
Concentrated Latex	5,314.00	11.6	8,168.80	9.7
Others ⁽¹⁾	1,333.60	2.9	1,721.00	2.1
Total revenue	45,909.80	100.0	83,845.30	100.0

Note:

- (1) Comprises revenue from (i) the sale of dried rubber wood and wood packing products and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties.

For the year 2010, total sale of goods and services was Baht 83,845.3 million, of which 98.9% or Baht 82,124.3 million was from natural rubber products. They comprised of

TSR – Baht 58,909.1 million or 70.3%.

RSS – Baht 15,046.4 million or 17.9%.

Concentrated Latex and by products – Baht 8,168 million or 9.7%.

Other incomes made of rubber wood, latex examination gloves, rubber and palm plantation, logistic/transportation service and engineering service - Baht 1,721 million or 2.1%.

Revenue breakdown by product segment (metric tons)

Volume Sale	Year Ended 31 December			
	2009		2010	
	Ton	%	Ton	%
RSS	139,253.60	18.4	140,206.10	16.7
TSR	493,562.10	65.3	581,212.40	69.2
Concentrated Latex	122,633.40	16.3	119,043.80	14.1
Total tonnage	755,449.10	100.0	840,462.30	100.0

Business segment breakdown: 2009 (Baht million)

	RSS	% to sales	TSR	% to sales	Concentrated Latex	% to sales	Others⁽¹⁾	% to sales	Total	% to sales
Revenue	8,677.4	100.0	30,584.8	100.0	5,314.0	100.0	1,333.6	100.0	45,909.8	100.0
Cost of sales	8,277.4	95.4	27,981.2	91.5	4,945.4	93.1	1,171.3	87.8	42,375.3	92.3
Gross profit	400.0	4.6	2,603.6	8.5	368.6	6.9	162.3	12.2	3,534.5	7.7

Business segment breakdown: 2010 (Baht million)

	RSS	% to sales	TSR	% to sales	Concentrated Latex	% to sales	Others⁽¹⁾	% to sales	Total	% to sales
Revenue	15,046.4	100.0	58,909.1	100.0	8,168.8	100.0	1,721.0	100.0	83,845.3	100.0
Cost of sales	14,131.5	93.9	55,183.2	93.7	7,877.5	96.4	1,486.3	86.4	78,678.5	93.8
Gross profit	914.9	6.1	3,725.9	6.3	291.3	3.6	234.7	13.6	5,166.8	6.2

Note:

- (1) Comprises revenue from (i) the sale of dried rubber wood and wood packing products and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties.

Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS increased by Baht 6,369.0 million, or 73.4%, from Baht 8,677.4 million for the year 2009 to Baht 15,046.4 million for the year 2010. Such increase was mainly attributable to 72.2% increase in average selling price while sale volume slightly increased by 0.7%.

Cost of sales increased by Baht 5,854.1 million, or 70.7%, from Baht 8,277.4 million for the year 2009 to Baht 14,131.5 million for the year 2010 due primarily to the increase in price of raw material.

Our gross profit from the sale of RSS increased by Baht 514.9 million, or 128.7%, from Baht 400.0 million for the year 2009 to Baht 914.9 million for the year 2010 due primarily to the higher revenue achieved for RSS for the year 2010.

The Company was able to increase gross profit margin from 4.6% in 2009 to 6.1% in year 2010. This increase in gross profit margin for the year was due primarily to a slower rate of increase in the price of raw materials as compared with the rate of increase in the average selling price for the same period.

Technically Specified Rubber (TSR)

Revenue from the sale of TSR increased by Baht 28,324.3 million, or 92.6%, from Baht 30,584.8 million for the year 2009 to Baht 58,909.1 million for the year 2010. Such increase was attributable to the increase in sales volume and average selling price for TSR for such periods, which had increased by 17.8% and 63.6% respectively, in line with the overall recovery in the global economy during in 2010.

Cost of sales of TSR rose by Baht 27,202.0 million, or 97.2%, from Baht 27,981.2 million for the year 2009 to Baht 55,183.2 million for the year 2010 due to the increase in sales volume and the increase in price of raw material of TSR achieved for the year 2010.

Gross profit from the sale of TSR increased by Baht 1,122.3 million, or 43.1%, from Baht 2,603.6 million for the year 2009 to Baht 3,725.9 million for the year 2010 due primarily to the higher revenue generated for strong demand TSR in the year 2010 as a result of the improvement of global economy.

Gross profit margin from the sale of TSR was lower from 8.5% for the year 2009 to 6.3% for the year 2010. This decrease was primarily due to a faster rate of increase in the price of raw materials for TSR compared with the rate of increase in the average selling price.

Concentrated Latex

Revenue from the sale of Concentrated Latex grew by Baht 2,854.8 million, or 53.7%, from Baht 5,314.0 million for the year 2009 to Baht 8,168.8 million for the year 2010. Such increase was mainly attributable



to 58.4% increase in average selling price for Concentrated Latex despite a slightly decrease in sale volume of 2.9%. The decrease in sales volume for Concentrated Latex was due to slower demand from Latex examination glove industry who faced with rising cost raw material, stronger competition due to expanded capacities, and the shifted of demand to synthetic glove - Nitrile butadiene rubber (NBR) in certain consuming market.

Cost of sales and services of Concentrated Latex increased by Baht 2,932.1 million, or 59.3%, from Baht 4,945.4 million for the year 2009 to Baht 7,877.5 million for the year 2010 due to the increase in the price of raw material.

Gross profit from the sale of Concentrated Latex decreased by Baht 77.3 million, or 20.9%, from Baht 368.6 million for the year 2009 to Baht 291.3 million for the year 2010.

Gross profit margin from the sale of Concentrated Latex declined to 3.6% for the year 2010 as the Company was only able to pass on a portion of the increase in raw materials to our customers due mainly to a softer demand from NR gloves sector in the year 2010, compared to 2009.

Financial Status

Total Assets

As at 31 December 2011, the group had total asset of Baht 37,047 million, 60.3% or Baht 13,941.7 million compared to the end of year 2009. Current assets mainly in form of receivables and inventory accounted to 76.9% of total assets.

Current assets

Current assets increased by Baht 12,571.7 million, or 79.0%, from Baht 15,920.0 million for the year 2009 to Baht 28,491.5 million for the year 2010 which primarily comprises of an increase in cash and cash equivalent for Baht 793.6 million, an increase in trade receivables of Baht 1,571.0 million and an increase in inventories of Baht 10,109.2 million, which was partially offset by a decrease in dividend receivable from associates of Baht 402.3 million. The increase in current assets was due to the increase in revenue and profit for the year 2010 together with the increase in sale volume and average selling price of Natural Rubber Products in 2010.

Non-current assets

Non-current assets increased by Baht 1,370.2 million, or 19.1%, from Baht 7,185.4 million for the year 2009 to Baht 8,555.6 million for the year 2010 which primarily consists of an increase in property, plant and equipment for Baht 968.0 million, due mainly to the construction and expansion of new TSR plants in Nong Khai province and Buriram province, as well as for the expansion of our existing production capacity in Songkhla province and Indonesia and an increase in investment in associates and joint venture of Baht 295.2 million.

Quality of Assets

Assets

Account receivables

The group's outstanding trade receivables at the end of year 2010 were Baht 5,702.7 million, an increase of 1,571.0 or 38% due to higher selling price. The average aging trade receivables illustrated per below;

Unit : Baht million

Consolidate Financial Statement	<u>31/12/2009</u>	<u>%</u>	<u>31/12/2010</u>	<u>%</u>
Within credit terms	3,834.4	91.3	5,278.0	92.0
Overdue	365.4	8.7	456.3	8.0
Overdue 1 – 30 days	282.0	6.7	404.1	7.0
Overdue 31 – 60 days	3.3	0.1	23.5	0.4
Overdue 61 – 90 days	5.3	0.1	0.8	0.0
Overdue 91 – 120 days	6.8	0.2	0.7	0.0
Overdue 121 – 365 days	34.9	0.8	0.3	0.0

Consolidate Financial Statement	<u>31/12/2009</u>	<u>%</u>	<u>31/12/2010</u>	<u>%</u>
Overdue over 365 days	33.1	0.8	26.9	0.5
Total traded receivable – net	4,199.8	100	5,734.3	100
Provision for doubtful debts	(68.1)		(31.6)	
Net	4,131.7		5,702.7	
Percentage of doubtful debt	(1.6)		(0.6)	

Overdue trade receivable ratio decreased from 8.7% in 2009 to 8.0% in 2010. The group had made sufficient provision of Baht 31.6 million for doubtful account. The provision amount in this year accounted to 0.6% of total trade receivable compared to 1.6% in year 2009.

Inventory

Total inventory value was Baht 20,282.40 million, an increase of Baht 10,109.2 million or 99.4% from last year. It was a significant increase which was influenced from substantial higher rubber price and sale volume. The 66 per cent out of total inventory was finished goods and work in process which could turn into cash quickly while the balance 34 per cent was mainly raw materials and disposable production items. Due to continued higher rubber price movement, there was no provision from possible marked down inventory value.

Efficiency Ratio

Total asset turnover ratio

Unit : Baht Million

Consolidate Financial Statement	<u>2009</u>	<u>2010</u>	<u>increase</u>	<u>%</u>
Assets turnover (Time)	2.45	2.85	0.40	16.3
Total revenues	46,979.5	85,599.7	38,620.2	82.2
Total assets	23,105.3	37,047.0	13,941.7	60.3
Current asset	15,920.0	28,491.4	12,571.4	78.9
Non-current assets	7,185.3	8,555.6	1,370.3	19.1

Asset turnover, calculated from total revenues (include foreign exchange gain and shared of profit in affiliates and joint venture) divided by total assets, on 31 December 2010, and 31 December 2009 was 2.85 and 2.45 respectively. This was due to the increase of selling price and volume sold.

Fixed asset turnover ratio

Unit : Baht Million

Consolidate Financial Statement	<u>2009</u>	<u>2010</u>	<u>increase</u>	<u>%</u>
Fixed asset turnover ratio	11.47	17.73	6.26	54.7
Sales of goods and services	45,909.7	83,845.3	37,935.6	82.6
Property, plant and equipment - net	4,245.3	5,213.4	968.1	22.8

Fixed asset turnover ratio is calculated by dividing total revenue of sales& services by property, plant and equipment (net). As at 31 December 2010 and 2009, our fixed asset turnover was 17.73 and 11.47 respectively. An increase in fixed asset turnover in 2010 from 2009 was due mainly to an increase in the sale of Natural Rubber Products in 2010 as a result of higher average selling prices of Natural Rubber Products as well as an increase in sale volume. The Group has fully implemented its fixed assets inspection policy since 2010.



Return on assets "ROA"

Unit : Baht Million

Consolidate Financial Statement	2009	2010	increase	%
Return on assets (Time)	11.40	12.88	1.48	12.9
net profit	2,182.5	3,873.5	1,691.0	77.5
total assets	23,105.3	37,047.0	13,941.7	60.3

ROA is calculated by dividing net profit for the year by averaged total assets. As at 31 December 2010 and 2009, our ROA was 12.88% and 11.40% respectively. An increase in ROA in 2010 was due to an increase in net profit at a faster rate than an increase in total assets.

Return on equity "ROE"

Unit : Baht Million

Consolidate Financial Statement	2009	2010	Increase	%
Return on equity (Time)	34.16	43.56	9.4	27.5
net profit	2,182.5	3,873.5	1,691.0	77.5
total equity	7,368.8	10,414.7	3,045.9	41.3

ROE is calculated by dividing net profit for the year by averaged total equity. As at 31 December 2010 and 2009, our ROE was 43.56% and 34.16% respectively. The increase in ROE was due mainly to increase in net profit for the relevant years and period.

Financial Liquidity and Capital Expenditures

Cash Flow Statement

As at 31 December 2010, the Company has cash and cash equivalents Baht 1,774.0 million, an increase of Baht 793.6 million or 80.9 per cent compare to Baht 980.4 million at 31 December 2009

The Company generated cash flows from operations before net change in operating assets and liabilities of Baht 4,000.6 million. The Company utilised Baht 10,854.4 million arising from an increase in our operating assets and liabilities which was due primarily to the increase in trade receivables of Baht 1,534.5 million, an increase in inventories of Baht 10,108.2 million, although partially offset by an increase in trade payables of Baht 978.7 million. The increase in inventories and trade payables was due primarily the increasing prices for the raw materials for Natural Rubber Products and an increase in the purchase and storage of raw materials and Natural Rubber Products in preparation for demand for the ensuing year. The increase in trade receivables was due mainly to an increase in the average selling prices and sales volumes of our Natural Rubber Products. The Company paid interest and income tax of Baht 675.0 million. Overall, the Company utilised net cash flows of Baht 7,528.9 million from our operating activities.

Investing activities utilised net cash flows of Baht 633.4 million, principally from investment in property, plant and equipment of Baht 1,383.8 million for our new factories in Nong Khai province and Buriram province, as well as for the expansion of our existing production capacity in Songkhla province and Indonesia. This was partially offset by a dividend receipt of Baht 749.0 million.

Net cash inflow from financing activities amounted to Baht 8,955.9 million. This consisted mainly of a drawdown of loans from financial institutions of Baht 9,580.7 million and dividend payments of Baht 600.0 million.

Unit : Baht Million

Consolidated Financial Statement	31/12/2009	31/12/2010
Net cash flow (use in) from operating activities	(4,378.0)	(7,528.9)
Net cash flow (use in) from investing activities	(534.3)	(633.4)
Net cash flow (use in) from financing activities	4,805.6	8,955.9
Cash and cash equivalents increase (decrease) – Net	(106.7)	793.6
Beginning cash and cash equivalents	1,087.1	980.4

Key Liquidity Ratios

Current ratios

Current ratio is calculated by dividing total current assets by total current liabilities. As at 31 December 2010 and 2009, our current ratio was 1.17 and 1.13 respectively. The increase in our current ratio in 2010 from 2009 was due primarily to an increase in the price of Natural Rubber Products.

Unit : Baht Million

Consolidate Financial Statement	2009	%	2010	%	increase	%
Current ratio (times)	1.13		1.17		0.04	3.5
Trade receivables	4,131.6	17.9	5,702.7	15.4	1,571.1	38.0
Inventory – net	10,173.2	44.0	20,282.4	54.7	10,109.2	99.4
Total current assets	15,920.0	68.9	28,491.5	76.9	12,571.5	79.0
Total current liabilities	14,065.1	60.9	24,294.1	65.6	10,228.1	72.7
Total assets	23,105.3	100	37,047.0	100	13,941.7	60.3

Quick Ratio

Quick ratio is calculated by dividing total current assets (net of inventory) by total current liabilities. As at 31 December 2010 and 2009, our quick ratio was 0.34 and 0.41 respectively. The decrease in our quick ratio in 2010 from 2009 was due primarily to an increase in the price of Natural Rubber Products. The short term debt has increased by 72.7% while current assets (net of inventory) increase only 42.8%. The inventory accounted 54.7% of total assets.

Unit : Baht Million

Consolidate Financial Statement	2009	%	2010	%	Increase (decrease)	%
Quick ratio (times)	0.41		0.34		(0.07)	(17.1)
Inventory – Net	10,173.2	44.0	20,282.4	54.7	10,109.2	99.4
Current assets (excluded inventory)	5,746.8	24.9	8,209.1	22.1	2,462.3	42.8
Total current liabilities	14,065.1	60.9	24,294.1	65.6	10,228.1	72.7

Liabilities

As at 31 December 2010, the group total liabilities were Baht 26,632.3 million, an increased by 69.2 per cent or Baht 10,895.8 million compared with 31 December 2009. Current liability to total assets was 65.6%.

Unit : Baht Million

Consolidate Financial Statement	31/12/2009	31/12/2010	increase	%
Short term loans from financial institutions	11,988.7	20,452.6	8,463.9	70.6
Traded payables	1,544.8	2,538.5	993.7	64.3
Current portion of long-term loans	206.2	597.6	391.4	189.8
Current portion of finance lease liabilities	12.2	17.1	4.9	40.2
Current income tax liabilities, Accrued expenses, Other current liabilities	314.0	688.2	374.2	119.2
Total current liabilities	14,065.9	24,294.0	10,228.1	72.7
Long term loans	1,578.1	2,226.1	648.0	41.0
Leasing contracts	15.4	22.9	7.5	48.7
Provision for retirement benefits	77.1	89.3	12.2	15.8
Total current non-liabilities	1,670.6	2,338.3	667.7	40.0
Total liabilities	15,736.5	26,632.3	10,895.8	69.2



Current liabilities

Current liabilities as of 31 December 2010 increased by Baht 10,228.1 million, or 72.7%, from Baht 14,065.9 million for the year 2009 to Baht 24,294.0 million for the year 2010 which primarily comprised of an increase in short-term loans and current portion of long-term loan of Baht 8,855.3 million, an increase of trade payables of Baht 993.7 million due to the increase in production volume and the increase in raw material price in relation to the increase in market price of Natural Rubber Products.

The group has total credit facilities granted by various financial institutions in totaling Baht 22,521 million, US Dollar 259.1 million and Rupiah 75,000 million.

Non-current liabilities

Non-current liabilities as at 31 December 2010 increased by Baht 667.6 million, or 40.0% from Baht 1,670.6 million for the year 2009 to Baht 2,338.3 million for the year 2010 primarily due mainly to an increase in long-term loans of Baht 648 million (net of current portion) to finance the construction and expansion of TSR plants in North Eastern region.

As at 31 December 2010 the group had unutilized credit facilities of Baht 9,063 million, US Dollar 75.1 million and Rupiah 55,000 million. The said credit facilities would be reviewed and extended by each individual bank on the annual basis.

Debt to equity ratio "D/E"

Unit: times

Consolidate Financial Statement	2009	2010	increase	%
Debt to Equity Ratio (D/E)	2.14	2.56	0.42	19.6
Net Debt to Equity Ratio (Net D/E)	2.00	2.39	0.39	19.5

D/E is calculated by dividing total debt by total equity. As at 31 December 2010 and 2009, our D/E was 2.56 and 2.14 respectively. An increase in D/E in 2010 from 2009 was due mainly to higher total debt in 2010 from 2009 as a result of higher short-term loans to finance working capital requirements and long-term loans to finance the construction and expansion of production plants.

Net Debt to equity ratio "Net D/E"

Net D/E is calculated by dividing total debts (net of cash and cash equivalent) by total equity. As at 31 December 2010 and 31 December 2009 our Net D/E was 2.39 and 2.00 respectively

Even though the Company is financially well supported by several financial institutions, the management continues to explore/study other financial alternatives to support company's operation. At this juncture, with long-term relationships with financial institutions, the Company is confident to continuously obtain good support from the Banks and have sufficient credit lines. The management foresees no trend of negative changes from financial institutions' relationship in the near future.

Shareholder equity

Our shareholder Equity increased by Baht 3,045.9 million, or 41.3%, from Baht 7,368.8 million at the end of year 2009 to Baht 10,414.7 million for the year 2010 due mainly to an increase in net profit for the year 2010.

Net book value of the Company's land and buildings as at 31 December 2010:

	Value (million Baht)
Freehold land including land improvements	1,729.3
Leasehold land	51.2
Buildings and structures	1,742.9
Total	3,523.4

Audit Fee

STA paid audit fee to the auditors of STA for the preparation of the 2010 consolidated financial statements and stand-alone financial statements in an amount of Baht 3,430,000. STA paid audit fee for its subsidiaries in an amount of Baht 1,500,000.

Non-Audit Fee

None



THE QUANTITATIVE RECONCILIATION BETWEEN THAI GAAP AND SFRS

1. Deferred income tax

Under SFRS the Group accounts for deferred income tax in accordance with SFRS 12. Under Thai GAAP there is no requirement to recognise the effect of future taxes payable and recoverable, and in its Thai GAAP financial statements the Group only recognises its current tax liabilities, and does not account for income tax recoverable in future periods in respect of deductible temporary differences, and for income tax payable in future periods in respect of taxable temporary differences.

2. Derivative financial instruments

Under SFRS, derivative financial instruments are measured at fair value through profit or loss. Under Thai GAAP, derivatives were not recognised.

Sri Trang Agro-Industry Public Company Limited

Consolidated statement of financial position

	Thai GAAP 2010 (Audited) Baht'000	IFRS 2010 (Audited) Baht'000	Difference Baht'000	Remarks
Assets				
Current assets				
Cash and cash equivalents	1,773,962	1,773,962	-	
Derivative financial instruments	-	490,782	490,782	The difference is a result of SFRS accounting for derivative financial instruments
Trade receivables			-	
- other companies - net	5,611,477	5,611,477	-	
- related companies	91,211	91,211	-	
Amounts due from futures rubber brokers			-	
- an associate	81,275	81,275	-	
- a related company	31,223	-	(31,223)	The difference is a result of SFRS accounting for derivative financial instruments
Inventories - net	20,282,433	20,282,433	-	
Other current assets	619,882	619,882	-	
Total current assets	28,491,463	28,951,022		
Non-current assets				
Fixed deposits pledged as collateral	125,444	125,444	-	
Investments in associates	2,596,516	2,615,421	18,905	The difference is a result of SFRS accounting for derivative financial instruments and deferred income tax
Investment in a joint venture	325,283	325,283	-	
Available-for-sale financial assets	46,268	46,268	-	
Property, plant and equipment	5,213,370	5,213,370	-	
Intangible assets	21,700	21,700	-	
Land not used in operations	22,850	-	(22,850)	The difference is a result of SFRS accounting for investment properties
Investment properties	-	48,032	48,032	The difference is a result of SFRS

	Thai GAAP 2010 (Audited) Baht'000	IFRS 2010 (Audited) Baht'000	Difference Baht'000	Remarks
				accounting for investment properties
Withholding tax deducted at source	143,305	143,305	-	
Deferred income tax assets	-	130,264	130,264	The difference is a result of SFRS accounting for deferred income tax
Other non-current assets	60,826	35,644	(25,182)	The difference is a result of SFRS accounting for investment properties
Total non-current assets	8,555,562	8,704,731		
Total assets	37,047,025	37,655,753		
Liabilities and equity				
Current liabilities				
Trade payables				
- other companies	1,689,078	1,689,078	-	
- related companies	849,451	849,451	-	
Short-term loans from financial institutions	20,452,626	20,452,626	-	
Current portion of long-term loans	597,610	597,610	-	
Current portion of finance lease liabilities	17,165	17,165	-	
Derivative financial instruments	-	493,488	493,488	The difference is a result of SFRS accounting for derivative financial instruments
Current income tax liabilities	119,671	119,671	-	
Accrued expenses	247,160	247,160	-	
Other current liabilities	321,337	321,337	-	
Total current liabilities	24,294,098	24,787,586		
Non-current liabilities				
Long-term loans	2,226,050	2,226,050	-	
Finance lease liabilities	22,927	22,927	-	
Deferred income tax liabilities	-	138,402	138,402	The difference is a result of SFRS accounting for deferred income tax
Provision for post employment benefit obligations	89,286	89,286	-	
Total non-current liabilities	2,338,263	2,476,665		
Total liabilities	26,632,361	27,264,251		
Equity				
Share capital - ordinary shares				
- Authorised share capital	1,280,000	1,280,000	-	
- Issued and paid-up share capital	1,000,000	1,000,000	-	
Premium on share capital	1,123,800	1,123,800	-	

	Thai GAAP 2010 (Audited) Baht'000	IFRS 2010 (Audited) Baht'000	Difference Baht'000	Remarks
Difference between book values of acquired				
subsidiaries lower than costs	(173,134)	(173,134)	-	
Revaluation surplus	974,059	850,019	(124,040)	The difference is a result of SFRS accounting for deferred income tax
Unrealised loss on:				
- available-for-sale financial assets	3,338	3,023	(315)	The difference is a result of SFRS accounting for deferred income tax
Cumulative translation adjustments	(268,300)	(283,843)	(15,543)	The difference is a result of SFRS accounting for derivative financial instruments and deferred income tax
Retained earnings				
- Appropriated - legal reserve	100,000	100,000	-	
- Unappropriated	7,612,690	7,729,396	116,706	The difference is a result of SFRS accounting for derivative financial instruments and deferred income tax
	<hr/> 10,372,453	<hr/> 10,349,261		
Non-controlling interests	42,211	42,241	30	The difference is due to the non- controlling interests' share of the adjustments for derivative financial instruments and deferred income tax
Total equity	<hr/> 10,414,664	<hr/> 10,391,502		
Total liabilities and equity	<hr/> 37,047,025	<hr/> 37,655,753		

Sri Trang Agro-Industry Public Company Limited
Consolidated statement of comprehensive income

	Thai GAAP 2010 (Audited) Baht'000	IFRS 2010 (Audited) Baht'000	Difference Baht'000	Remarks
Sales of goods and services	83,845,329	83,845,329	-	
Costs of sales and services	(78,678,532)	(78,678,532)	-	
Gross profit	5,166,797	5,166,797		
Selling expenses	(1,780,699)	(1,780,699)	-	
Administrative expenses	(576,498)	(576,498)	-	
Gain on exchange rate	878,782	925,461	46,679	The difference is a result of SFRS accounting for derivative financial instruments
Other income	77,163	77,163	-	
Other gain/(loss) - net	96,465	(10,391)	(106,856)	The difference is a result of SFRS accounting for derivative financial instruments
Operating profit	3,862,010	3,801,833		
Finance income	6,160	6,160	-	
Finance costs	(397,660)	(397,660)	-	
Finance costs - net	(391,500)	(391,500)	-	
Share of profit of associates and a joint venture	695,860	702,833	6,973	The difference is a result of SFRS accounting for derivative financial instruments and deferred income tax
Profit before income tax	4,166,370	4,113,166		
Income tax expenses	(292,806)	(272,662)	20,144	The difference is a result of SFRS accounting for deferred income tax
Profit for the year	3,873,564	3,840,504		
Other comprehensive income:				
Unrealised gain on available-for-sale financial assets, net	9,538	8,396	(1,142)	The difference is a result of SFRS accounting for deferred income tax
Currency translation differences arising from consolidation	(222,303)	(242,600)	(20,297)	The difference is a result of SFRS accounting for derivative financial instruments and deferred income tax
Other comprehensive income for the year, net of tax	(212,765)	(234,204)		
Total comprehensive income for the year	3,660,799	3,606,300		



The Audit Committee Report

The Audit Committee, appointed by the Board of Directors of Sri Trang Agro-Industry Public Company Limited (the “**Company**”), consists of 3 independent directors, two-thirds of whom have finance and accounting knowledge, as follows:

- | | | |
|----|---------------------------|-----------------------------|
| 1. | Mr. Prakob Visitkitjakarn | Chairman of Audit Committee |
| 2. | Mr. Kriang Yanyongdilok | Audit Committee |
| 3. | Mr. Samacha Potavorn | Audit Committee |

The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors of the Company. In year 2010, the Audit Committee members attended a total of 8 meetings. All the members of the Audit Committee attended all the meetings, and, where the agendas were related, meetings were also attended by the senior management, manager of the internal audit department and auditor. The responsibilities of the Audit Committee can be summarized as follows:

- The Audit Committee reviewed quarterly and year end financial statements of 2010 together with the auditor and the management to ensure that they are accurate and comply with generally accepted accounting principles. Through the meetings there were discussions, opinion exchanges, and assessment on the reporting before granting the approval of such financial statements.
- Considered internal audit plan and reviewed the results of the audit conducted by the internal audit department, as well as the sufficiency and appropriateness of the internal control system, to ensure that they are suitable and efficient.
- Reviewed the Company’s compliance with the regulations, relevant laws and the principles of good corporate governance and ensured that the Company has complied with its Articles of Association, regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, relevant laws and the principles of good corporate governance and has disclosed information sufficiently and transparently.
- Reviewed the entering into and disclosure of connected transactions and interested person transactions which may lead to conflicts of interest between the interested party and the Company. The review concluded that such transactions have complied with the laws and the regulations of the Stock Exchange of Thailand and Singapore Exchange Securities Trading Limited.
- Reviewed the risk management policy and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board of Directors.
- Selected and nominated auditors of the Company and auditing fees for 2011 to be proposed to the Board of Directors to obtain an approval from the 2011 Annual General Meeting of Shareholders. The Audit Committee has considered the performance, the independence, and the appropriate of the remuneration of the auditors.

In conclusion, it is the opinion of the Audit Committee that the Company’s operations in the past year have sufficient and appropriate internal control system, financial statements were prepared under the generally accepted accounting principles, and complied with relevant laws of the Securities and Exchange, the regulations of the Stock Exchange of Thailand and the law relating to the business of the Company. In the performance of its duties the Audit Committee has had full discretion to give all

relevant matters its independent consideration, and there has been no limitation on its access to information.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by several loops and a final flourish.

(Mr. Prakob Visitkitjakarn)

Chairman of Audit Committee

8 March 2011

DEFINED TERMS AND ABBREVIATIONS

In this document, unless the context otherwise requires, references to “our Company”, “the Company” or “STA” refer to Sri Trang Agro-Industry Public Company Limited; references to “we”, “us”, “our”, “ourselves”, and “Group” refer to the Company and its consolidated subsidiaries taken as a whole.

Our Group Companies and other Entities

<i>Anvar Parawood</i>	:	Anvar Parawood Company Limited
<i>Company or STA</i>	:	Sri Trang Agro-Industry Public Company Limited
<i>Nam Hua Rubber</i>	:	Nam Hua Rubber Company Limited
<i>Paktai Rubber</i>	:	Paktai Rubber Industries Limited Partnership
<i>Pattana Agro Futures</i>	:	Pattana Agro Futures Company Limited
<i>Premier System Engineering</i>	:	Premier System Engineering Company Limited
<i>PT Sri Trang Lingga</i>	:	PT Sri Trang Lingga Indonesia
<i>Rubberland Products</i>	:	Rubberland Products Company Limited
<i>Sadao P.S. Rubber</i>	:	Sadao P.S. Rubber Company Limited
<i>Semperflex Asia</i>	:	Semperflex Asia Corporation Limited
<i>Semperflex Shanghai</i>	:	Semperflex Shanghai Ltd.
<i>Semperform Pacific</i>	:	Semperform Pacific Corporation Limited
<i>Semperit Technische</i>	:	Semperit Technische Produkte Gesellschaft m.b.H., a subsidiary of Semperit AG Holding
<i>Sempermed Brazil</i>	:	Sempermed Brasil Comércio Exterior Ltda.
<i>Sempermed Singapore</i>	:	Sempermed Singapore Pte. Ltd.
<i>Sempermed USA</i>	:	Sempermed USA, Inc.
<i>Shanghai Semperit</i>	:	Shanghai Semperit Rubber & Plastic Products Co., Ltd.
<i>Shanghai Sempermed</i>	:	Shanghai Sempermed Gloves Co., Ltd. (formerly Shanghai Foremost Plastic Industrial Co., Ltd.)
<i>Shi Dong Investments</i>	:	Shi Dong Investments Pte. Ltd.
<i>Shi Dong Shanghai</i>	:	Shi Dong Shanghai Rubber Co., Ltd.
<i>Sri Trang International</i>	:	Sri Trang International Pte. Ltd.
<i>Sri Trang Rubber & Plantation</i>	:	Sri Trang Rubber & Plantation Company Limited

<i>Sri Trang USA</i>	:	Sri Trang USA, Inc.
<i>SSC</i>	:	Our associate, Siam Sempermed Corporation Limited
<i>Starlight Express Transport</i>	:	Starlight Express Transport Company Limited
<i>Startex Rubber</i>	:	Startex Rubber Corporation Limited
<i>STH</i>	:	Sri Trang Holdings Company Limited
<i>Thai Tech Rubber</i>	:	Thaitech Rubber Corporation Limited
General		
CDP	:	The Central Depository (Pte) Limited
Code of Corporate Governance	:	Singapore Code of Corporate Governance 2005
Concentrated Latex	:	Liquid latex with a dry rubber content of approximately 60.0%
Listing Manual	:	The listing manual of the SGX-ST
Natural Rubber Products	:	RSS, TSR and Concentrated Latex
Office of the SEC	:	The office of the SEC
OTC	:	Over the counter
Other Finished Products	:	Finished products, including high-pressure hydraulic hoses, escalator handrails and various rubber and plastic parts which are mainly used in electrical appliances
PLCA	:	The Public Limited Companies Act B.E. 2535 (1992) of Thailand, as amended from time to time
RSS	:	Ribbed smoked sheet
SEC	:	The Securities and Exchange Commission of Thailand
SEC Act	:	The Securities and Exchange Act. B.E. 2535 (1992) of Thailand, as amended from time to time
SET	:	The Stock Exchange of Thailand
SFRS	:	Singapore Financial Reporting Standards
SGX-ST	:	Singapore Exchange Securities Trading Limited
SICOM	:	Singapore Commodity Exchange Limited
STR	:	Standard Thai rubber

Thai GAAP	:	Generally accepted accounting principles in Thailand
TSD	:	The Thailand Securities Depository Co., Ltd.
TSR	:	Technically specified rubber, which includes STR and SIR

Currencies and Measurements

Baht	:	The lawful currency of Thailand
IDR or Indonesian Rupiah	:	The lawful currency of Indonesia
MYR or Malaysian Ringgit	:	The lawful currency of Malaysia
R\$:	The lawful currency of the Federative Republic of Brazil
SGD or Singapore dollar	:	The lawful currency of the Republic of Singapore
US\$ or US Dollar	:	The lawful currency of the U.S.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2010

AUDITOR'S REPORT

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

I have audited the accompanying consolidated and company balance sheets as of 31 December 2010, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year then ended of Sri Trang Agro-Industry Public Company Limited and its subsidiaries, and of Sri Trang Agro-Industry Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 31 December 2009 of Sri Trang Agro-Industry Public Company Limited and its subsidiaries, and of Sri Trang Agro-Industry Public Company Limited, respectively, presented herewith for comparative purposes, were audited by another auditor from a different firm whose report dated 27 February 2010 expressed an unqualified opinion on those financial statements with an emphasis of matter paragraph on the change in accounting policy relating to provision for post employment benefit obligations of Sri Trang Agro-Industry Public Company Limited and its subsidiaries, associates and a joint venture in 2009 as described in paragraph 4.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2010, and the consolidated and company results of operations and cash flows for the year then ended of Sri Trang Agro-Industry Public Company Limited and its subsidiaries, and of Sri Trang Agro-Industry Public Company Limited, respectively, in accordance with generally accepted accounting principles.



Unakorn Phruithithada
Certified Public Accountant (Thailand) No. 3257
PricewaterhouseCoopers ABAS Limited

Bangkok
25 February 2011

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2010 and 2009

		Consolidated		Company	
		31 December 2010 Baht	31 December 2009 Baht	31 December 2010 Baht	31 December 2009 Baht
Notes					
Assets					
Current assets					
Cash and cash equivalents	7	1,773,962,249	980,366,076	686,844,087	483,984,305
Fixed deposits at financial institutions		-	261,023	-	261,023
Trade accounts receivable, net					
- other companies, net	8	5,611,476,508	4,021,349,243	2,956,295,910	1,894,936,531
- related companies	8, 32.3	91,211,679	110,358,102	658,406,117	836,766,908
Amounts due from futures brokers					
- other companies		31,222,970	50,621,189	-	-
- an associate	32.3	81,274,854	1,851,262	81,274,854	1,851,262
Inventories, net	9	20,282,433,067	10,173,238,964	10,505,003,800	6,685,663,029
Other current assets	10	619,881,829	581,929,501	365,963,663	481,940,686
Total current assets		28,491,463,156	15,919,975,360	15,253,788,431	10,385,403,744
Non-current assets					
Fixed deposits pledged as collateral		125,444,193	83,487,472	12,550,742	12,468,573
Investments in subsidiaries	11	-	-	2,553,696,099	2,099,045,959
Investments in associates	11	2,596,516,495	2,371,581,969	679,507,500	696,382,500
Investment in a joint venture	11	325,283,320	254,969,490	20,099,800	20,099,800
Available-for-sale financial assets	12	46,267,524	36,699,040	45,105,924	36,220,466
Property, plant and equipment, net	13	5,213,369,663	4,245,334,830	2,130,526,410	2,132,110,136
Intangible assets, net	14	21,700,028	14,295,777	10,566,822	5,026,191
Land not used in operations	15	22,850,000	22,850,000	22,850,000	22,850,000
Withholding tax deducted at source		143,304,822	121,167,331	120,310,910	81,586,335
Other non-current assets	16	60,825,370	34,997,807	10,561,720	7,805,598
Total non-current assets		8,555,561,415	7,185,383,716	5,605,775,927	5,113,595,558
Total assets		37,047,024,571	23,105,359,076	20,859,564,358	15,498,999,302

Director _____ Director _____

The notes to the consolidated and Company financial statements on pages 10 to 48 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Balance sheets (Cont'd)

As at 31 December 2010 and 2009

		Consolidated		Company	
		31 December 2010 Baht	31 December 2009 Baht	31 December 2010 Baht	31 December 2009 Baht
Notes					
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	20,452,626,308	11,988,758,412	10,641,378,000	8,588,383,000
Trade accounts payable					
- other companies		1,689,077,591	1,087,769,111	842,169,590	535,320,345
- related companies	32.3	849,450,383	457,021,263	243,723,162	185,554,750
Current portion of long-term loans from financial institutions	17	597,610,000	206,215,640	575,000,000	93,750,000
Current portion of finance lease liabilities	17	17,165,140	12,219,174	10,505,841	5,235,118
Current income tax liabilities		119,671,329	76,519,046	-	-
Accrued expenses		247,160,295	150,446,060	119,975,847	98,731,189
Other current liabilities	18	321,337,009	87,013,090	45,478,416	39,639,575
Total current liabilities		24,294,098,055	14,065,961,796	12,478,230,856	9,546,613,977
Non-current liabilities					
Long-term loans from financial institutions	17	2,226,050,000	1,578,129,844	2,031,250,000	1,406,250,000
Finance lease liabilities	17	22,927,273	15,338,906	13,531,353	5,375,221
Provision for post employment benefit obligations	19	89,285,660	77,157,669	37,865,261	33,583,322
Total non-current liabilities		2,338,262,933	1,670,626,419	2,082,646,614	1,445,208,543
Total liabilities		26,632,360,988	15,736,588,215	14,560,877,470	10,991,822,520

The notes to the consolidated and Company financial statements on pages 10 to 48 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Balance sheets (Cont'd)

As at 31 December 2010 and 2009

		Consolidated		Company	
		31 December 2010 Baht	31 December 2009 Baht	31 December 2010 Baht	31 December 2009 Baht
Notes					
Liabilities and shareholders' equity					
(Cont'd)					
Shareholders' equity					
Share capital	22				
Authorised share capital					
Ordinary shares, 1,280,000,000 shares with a par value of Baht 1 per share (2009 : 200,000,000 shares with a per value of Baht 5 per share)		<u>1,280,000,000</u>	<u>1,000,000,000</u>	<u>1,280,000,000</u>	<u>1,000,000,000</u>
Issued and paid-up share capital					
Ordinary shares, 1,000,000,000 shares with a par value of Baht 1 per share (2009 : 200,000,000 shares with a per value of Baht 5 per share)		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Premium on share capital	22	1,123,800,000	1,123,800,000	1,123,800,000	1,123,800,000
Deduction arising from acquisition of additional interests in subsidiaries from minority interests		(173,134,488)	(173,134,488)	-	-
Revaluation surplus, net of accumulated depreciation	25	974,058,915	1,010,671,137	679,263,975	706,108,043
Unrealised gains (losses) on available-for-sale financial assets	25	3,338,245	(6,200,239)	2,515,995	(6,369,462)
Cummulative translation differences	25	(268,299,700)	(45,996,843)	-	-
Retained earnings					
Appropriated - legal reserve	23	100,000,000	100,000,000	100,000,000	100,000,000
Unappropriated		<u>7,612,689,752</u>	<u>4,323,361,132</u>	<u>3,393,106,918</u>	<u>1,583,638,201</u>
Total parent's shareholders' equity		<u>10,372,452,724</u>	<u>7,332,500,699</u>	<u>6,298,686,888</u>	<u>4,507,176,782</u>
Minority interests	24	<u>42,210,859</u>	<u>36,270,162</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>10,414,663,583</u>	<u>7,368,770,861</u>	<u>6,298,686,888</u>	<u>4,507,176,782</u>
Total liabilities and shareholders' equity		<u>37,047,024,571</u>	<u>23,105,359,076</u>	<u>20,859,564,358</u>	<u>15,498,999,302</u>

The notes to the consolidated and Company financial statements on pages 10 to 48 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of income

For the years ended 31 December 2010 and 2009

		Consolidated		Company	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Sales of goods and services	27	83,845,328,838	45,909,765,852	44,040,706,709	24,023,911,986
Cost of sales and services		(78,678,531,873)	(42,375,308,176)	(41,121,586,298)	(21,927,515,872)
Gross profit		5,166,796,965	3,534,457,676	2,919,120,411	2,096,396,114
Other income	28	77,162,994	105,883,404	394,750,751	597,590,365
Selling expenses		(1,780,698,903)	(1,436,953,182)	(1,316,673,395)	(963,202,748)
Administrative expenses		(509,604,669)	(490,007,656)	(195,939,855)	(180,159,255)
Management benefit expenses	32.4	(66,893,701)	(49,528,878)	(24,198,800)	(26,832,640)
Gains on exchange rates		878,782,565	537,975,924	754,759,564	118,620,460
Other gains (losses) - net		96,464,600	(324,686,964)	117,979,835	(632,198)
Operating profit		3,862,009,851	1,877,140,324	2,649,798,511	1,641,780,098
Share of profits of investments in associates and a joint venture		695,859,607	744,538,424	-	-
Profit before net financial costs and income tax		4,557,869,458	2,621,678,748	2,649,798,511	1,641,780,098
Finance income		6,160,470	6,042,817	2,756,402	2,247,452
Finance costs		(397,660,146)	(329,886,894)	(239,203,958)	(200,389,772)
Finance costs - net	29	(391,499,676)	(323,844,077)	(236,447,556)	(198,142,320)
Profit before income tax		4,166,369,782	2,297,834,671	2,413,350,955	1,443,637,778
Income tax		(292,806,195)	(115,373,349)	(30,726,306)	-
Net profit		3,873,563,587	2,182,461,322	2,382,624,649	1,443,637,778
Attributable to:					
Equity holders of the parent		3,852,716,398	2,141,986,392	2,382,624,649	1,443,637,778
Minority interests	24	20,847,189	40,474,930	-	-
		3,873,563,587	2,182,461,322	2,382,624,649	1,443,637,778
Earnings per share for profit attributable to the equity holders of the Company during the year	30				
Basic earnings per share		3.85	2.14	2.38	1.44

The notes to the consolidated and Company financial statements on pages 10 to 48 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

Consolidated											
		Issued and paid-up share capital	Premium on share capital	Deduction arising from acquisition of additional interests in subsidiaries from minority interests	Revaluation surplus	Unrealised gains (losses) on available-for-sale financial assets	Cumulative translation differences	Retained earnings		Minority interests	Total
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	- legal reserve	Unappropriated	Baht	Baht
Opening balance as at 1 January 2010		1,000,000,000	1,123,800,000	(173,134,488)	1,010,671,137	(6,200,239)	(45,996,843)	100,000,000	4,323,361,132	36,270,162	7,368,770,861
Depreciation transfer on assets revaluation		-	-	-	(36,612,222)	-	-	-	36,612,222	-	-
Changes in fair values of available-for-sale financial assets	25	-	-	-	-	9,538,484	-	-	-	-	9,538,484
Currency translation differences	25	-	-	-	-	-	(222,302,857)	-	-	(6,943,742)	(229,246,599)
Minority interests invested in subsidiaries		-	-	-	-	-	-	-	-	-	-
Total gains (losses) recognised in equity		1,000,000,000	1,123,800,000	(173,134,488)	974,058,915	3,338,245	(268,299,700)	100,000,000	4,359,973,354	29,326,420	7,149,062,746
Net profit for the year		-	-	-	-	-	-	-	3,852,716,398	20,847,189	3,873,563,587
Total gains (losses) recognised for the year		1,000,000,000	1,123,800,000	(173,134,488)	974,058,915	3,338,245	(268,299,700)	100,000,000	8,212,689,752	50,173,609	11,022,626,333
Dividends paid	31	-	-	-	-	-	-	-	(600,000,000)	(7,962,750)	(607,962,750)
Closing balance as at 31 December 2010		1,000,000,000	1,123,800,000	(173,134,488)	974,058,915	3,338,245	(268,299,700)	100,000,000	7,612,689,752	42,210,859	10,414,663,583
Opening balance as at 1 January 2009		1,000,000,000	1,123,800,000	(173,134,488)	1,051,521,802	(19,323,654)	(9,921,469)	100,000,000	2,340,524,075	(5,666,365)	5,407,799,901
Depreciation transfers on assets revaluation		-	-	-	(40,850,665)	-	-	-	40,850,665	-	-
Changes in fair values of available-for-sale financial assets	25	-	-	-	-	13,123,415	-	-	-	-	13,123,415
Currency translation differences	25	-	-	-	-	-	(36,075,374)	-	-	(1,218,593)	(37,293,967)
Minority interests invested in subsidiaries		-	-	-	-	-	-	-	-	2,680,190	2,680,190
Total gains (losses) recognised in equity		1,000,000,000	1,123,800,000	(173,134,488)	1,010,671,137	(6,200,239)	(45,996,843)	100,000,000	2,381,374,740	(4,204,768)	5,386,309,539
Net profit for the year		-	-	-	-	-	-	-	2,141,986,392	40,474,930	2,182,461,322
Total gains (losses) recognised for the year		1,000,000,000	1,123,800,000	(173,134,488)	1,010,671,137	(6,200,239)	(45,996,843)	100,000,000	4,523,361,132	36,270,162	7,568,770,861
Dividends paid	31	-	-	-	-	-	-	-	(200,000,000)	-	(200,000,000)
Closing balance as at 31 December 2009		1,000,000,000	1,123,800,000	(173,134,488)	1,010,671,137	(6,200,239)	(45,996,843)	100,000,000	4,323,361,132	36,270,162	7,368,770,861

The notes to the consolidated and Company financial statements on pages 10 to 48 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (Cont'd)
For the years ended 31 December 2010 and 2009

	Notes	Company					
		Issued and paid-up share capital Baht	Premium on share capital Baht	Revaluation surplus Baht	Unrealised gains (losses) on available-for-sale financial assets Baht	Retained earnings	
						Appropriated - legal reserve Baht	Unappropriated Baht
							Total Baht
Opening balance as at 1 January 2010		1,000,000,000	1,123,800,000	706,108,043	(6,369,462)	100,000,000	4,507,176,782
Depreciation transfer on assets revaluation		-	-	(26,844,068)	-	-	-
Changes in fair values of available-for-sale financial assets	25	-	-	-	8,885,457	-	8,885,457
Total gains recognised in equity		1,000,000,000	1,123,800,000	679,263,975	2,515,995	100,000,000	4,516,062,239
Net profit for the year		-	-	-	-	-	2,382,624,649
Total gains recognised for the year		1,000,000,000	1,123,800,000	679,263,975	2,515,995	100,000,000	6,898,686,888
Dividends paid	31	-	-	-	-	-	(600,000,000)
Closing balance as at 31 December 2010		<u>1,000,000,000</u>	<u>1,123,800,000</u>	<u>679,263,975</u>	<u>2,515,995</u>	<u>100,000,000</u>	<u>6,298,686,888</u>
Opening balance as at 1 January 2009		1,000,000,000	1,123,800,000	736,998,720	(19,372,034)	100,000,000	3,250,536,432
Depreciation transfers on assets revaluation		-	-	(30,890,677)	-	-	-
Changes in fair values of available-for-sale financial assets	25	-	-	-	13,002,572	-	13,002,572
Total gains (losses) recognised in equity		1,000,000,000	1,123,800,000	706,108,043	(6,369,462)	100,000,000	3,263,539,004
Net profit for the year		-	-	-	-	-	1,443,637,778
Total gains (losses) recognised for the year		1,000,000,000	1,123,800,000	706,108,043	(6,369,462)	100,000,000	4,707,176,782
Dividends paid	31	-	-	-	-	-	(200,000,000)
Closing balance as at 31 December 2009		<u>1,000,000,000</u>	<u>1,123,800,000</u>	<u>706,108,043</u>	<u>(6,369,462)</u>	<u>100,000,000</u>	<u>4,507,176,782</u>

The notes to the consolidated and Company financial statements on pages 10 to 48 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of cash flows

For the years ended 31 December 2010 and 2009

		Consolidated		Company	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax		4,166,369,782	2,297,834,671	2,413,350,955	1,443,637,778
Adjustments for:					
Unrealised (gains) losses on exchange rates		(203,435,920)	(257,347,542)	-	24,680,645
Unrealised gains from revaluation of futures		-	(56,400,335)	-	(100,938,250)
Allowance for (reversals of) impairment of trade accounts receivable		(36,441,260)	31,597,046	(389,027)	(945,265)
Allowance for (reversals of) allowance for inventory cost in excess of net realisable value		(953,235)	(683,559,867)	-	(425,770,954)
Provision for post employment benefit obligations		12,127,990	7,764,131	4,281,939	3,624,359
Depreciation	13	365,979,363	341,869,986	176,275,533	198,175,370
Amortisation	14	5,988,056	8,040,998	2,662,813	2,729,186
Finance costs	29	397,660,146	329,886,894	239,203,958	200,389,772
Dividend income	28	(17,597,956)	(637,936)	(355,580,872)	(539,121,715)
Loss on liquidation in other company		-	86,100	-	86,100
Share of profits of investments in associates and a joint venture	11	(695,859,607)	(744,538,424)	-	-
Losses (gains) on disposals of and write-offs of property, plant and equipment and intangible assets	28	6,720,587	3,200,104	1,918,684	(471,013)
Changes in working capital:					
- Trade accounts receivable		(1,534,539,582)	(1,448,049,413)	(882,609,560)	185,337,633
- Amounts due from futures brokers		(60,025,373)	118,410,782	(79,423,592)	108,966,073
- Inventories		(10,108,240,868)	(5,057,051,555)	(3,819,340,771)	(4,490,429,119)
- Other current assets		(428,515,354)	33,518,371	(199,022,977)	(72,899,999)
- Withholding tax deducted at source		-	59,481,219	-	58,833,447
- Other non-current assets		(25,827,563)	(22,793,754)	(2,756,122)	(1,916,377)
- Trade accounts payable		978,735,626	981,980,414	355,836,692	436,830,612
- Accrued expenses		89,236,338	60,163,226	17,685,256	44,744,803
- Other current liabilities		234,763,562	56,509,838	5,838,841	25,266,323
Cash used for operations		(6,853,855,268)	(3,940,035,046)	(2,122,068,250)	(2,899,190,591)
Interest paid		(390,182,248)	(328,012,012)	(235,644,557)	(196,711,285)
Income tax paid		(284,864,571)	(109,964,285)	(69,450,881)	(27,704,948)
Net cash used for operations		(7,528,902,087)	(4,378,011,343)	(2,427,163,688)	(3,123,606,824)

The notes to the consolidated and Company financial statements on pages 10 to 48 form an integral part of the financial statements.

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statements of cash flows (Cont'd)

For the years ended 31 December 2010 and 2009

		Consolidated		Company	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
(Increase) decrease in fixed deposits					
at financial institutions		261,023	(6,445)	261,023	(6,445)
Increase in fixed deposits pledged as collateral		(41,956,721)	(26,981,912)	(82,169)	(556,281)
Cash paid for investments in available-for-sales financial assets	12	(30,000)	-	-	-
Dividends received		748,955,456	270,272,466	670,580,872	224,121,716
Cash paid for investments in subsidiaries	11	-	-	(454,650,140)	(575,000,228)
Proceeds from disposals of property, plant and equipment and intangible assets		37,512,163	16,535,746	32,532,876	5,896,269
Purchases of property, plant and equipment		(1,383,763,899)	(788,899,450)	(179,898,179)	(117,274,352)
Purchases of intangible assets	14	(13,486,945)	(6,761,388)	(8,203,468)	(110,943)
Proceeds from liquidation in other company		-	1,487,500	-	1,487,500
Proceeds from a decrease in share capital of an associate	11.2	19,125,000	-	16,875,000	-
Net cash received from (used in) investing activities		(633,383,923)	(534,353,483)	77,415,815	(461,442,764)
Cash flows from financing activities					
Increase in loans from financial institutions		9,580,685,210	5,016,104,494	3,159,245,000	3,998,943,452
Payments on finance lease liabilities		(16,840,277)	(13,152,345)	(6,637,345)	(5,616,360)
Proceeds from issuance of ordinary shares to minority interests of subsidiaries		-	2,680,190	-	-
Dividends paid to minority interests	24	(7,962,750)	-	-	-
Dividends paid	31	(600,000,000)	(200,000,000)	(600,000,000)	(200,000,000)
Net cash received from financing activities		8,955,882,183	4,805,632,339	2,552,607,655	3,793,327,092
Net increase (decrease) in cash and cash equivalents					
		793,596,173	(106,732,487)	202,859,782	208,277,504
Cash and cash equivalents at beginning of the year		980,366,076	1,087,098,563	483,984,305	275,706,801
Cash and cash equivalents at end of the year	7	1,773,962,249	980,366,076	686,844,087	483,984,305
Supplementary information for cash flows					
Cash paid for purchases of property, plant and equipment:					
Property, plant and equipment purchased	13	1,428,140,483	792,370,990	209,143,344	117,274,352
Increase in liabilities under finance lease contracts		(29,374,610)	(3,471,540)	(20,064,200)	-
Increase in accounts payable from purchases of assets		(15,001,974)	-	(9,180,965)	-
Cash paid for purchases of property, plant and equipment		1,383,763,899	788,899,450	179,898,179	117,274,352

The notes to the consolidated and Company financial statements on pages 10 to 48 form an integral part of the financial statements.

1 General information

Sri Trang Agro-Industry Public Company Limited (“the Company”) is a public limited company, incorporated and resident in Thailand. The Company was listed on the Stock Exchange of Thailand in January 1991. The address of its registered office is as follows:

10 Soi 10, Phetkasem Road, Hadyai District, Songkhla Province.

The Company and its subsidiaries (“the Group”) manufacture and distribute natural rubber products such as ribbed smoked sheets, concentrated latex, STR block rubber, gloves and other products. In addition, the Group provides engineering and logistics services.

These consolidated and Company financial statements were authorised for issue by the Board of Directors on 25 February 2011.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework

a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

- b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Group has not early adopted them:

Effective for the periods beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5(Revised 2009)	Non-Current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

Effective for the periods beginning on or after 1 January 2013

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

The Group's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial statements being presented, except following:

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary differences between the tax base of an asset or a liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates and the tax law that have been enacted or substantively enacted by the end of the reporting period. The Group will apply this standard from 1 January 2013 retrospectively with an expected to incur of deferred tax account and changes in retained earnings and income tax expense. The Group's management is currently assessing the impact of applying this standard.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

- b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

TAS 19 deals with accounting for employee benefit. The standard classifies employee benefit into 4 categories: (a) short-term employee benefits; (b) post-employment benefits (including defined contribution plan and defined benefit plan); (c) other long-term employee benefits; and (d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method ("PUC"). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in shareholders' equity or the statement of income. An actuarial gain or loss for other long-term employee benefit shall recognise in the statement of income. The Group will apply this standard from 1 January 2011. However, the Group and the Company have recorded certain provisions relating to the employee benefit obligations in the consolidated and Company financial statements for the year ended 31 December 2010.

2.3 Group accounting - investments in subsidiaries and associates and an interest in a joint venture

- (1) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The Company applies the predecessor value method for business combination acquired under common control. Excess of consideration paid compared to book values of the business acquired is recorded as a separate item and presented in equity.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are reported by using the cost method.

A list of the Group's subsidiaries is set out in Note 11.1.

2 Accounting policies (Cont'd)

2.3 Group accounting - investments in subsidiaries and associates and an interest in a joint venture (Cont'd)

(2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statement, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisitions, net of any accumulated impairment losses (if any).

In the Company's separate financial statements, investments in associates are accounted for using the cost method.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group at the consolidated financial statements.

Dilution gains and losses arising from the investments in associates are recognised in equity.

A list of the Group's associates is set out in Note 11.2.

(3) Joint venture

The Group's joint venture is entity over which the Group has contractual arrangements to jointly share the control over the economic activity of the entity with one or more parties. In the Company's separate financial statements, the interest in a jointly controlled entity is accounted for using the cost method. The Group's interest in joint venture is accounted for in the consolidated financial statements using the equity method of accounting.

The Group's share of its joint venture's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group at the consolidated financial statements.

The Group's joint venture is set out in Note 11.3.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the statement of income as part of the gain or loss on disposal.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks but do not include deposits with banks which are held to maturity, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition and bank overdrafts. Bank overdrafts are included in current liabilities on the balance sheet.

Deposits at financial institutions that are restricted in use are presented as "Fixed deposits pledged as collateral" under non-current assets in the balance sheet.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the income statement within administrative expenses

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

2 Accounting policies (Cont'd)

2.8 Investments

Investments other than the investments in subsidiaries, associates and an interest in a joint venture are classified into the following three categories: 1. Held-to-maturity investments, 2. Available-for-sale investments and 3. General investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for those securities with maturities within 12 months from the balance sheet date which are classified as current assets.
- (2) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investments for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (3) Investments in non-marketable equity securities are classified as general investments.

Purchases or sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction costs. The available-for-sale investments are subsequently carried at fair values.

Held-to-maturity investments are carried at amortised cost using the effective yield method.

The fair values of available-for-sale investments are based on quoted bid prices at the close of business on the balance sheet date by reference to the Stock Exchange of Thailand. Accumulated fair value adjustments are unrealised gains and losses arising from changes in the fair values of investments classified as available-for-sale, which are recognised in equity. When the available-for-sale investments are sold or impaired, the accumulated fair value adjustments are included in the statement of income as gains and losses from the investments.

General investments are carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income. When disposing of part of the Group's holding of a particular investment in equity security, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.9 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

2 Accounting policies (Cont'd)

2.10 Property, plant and equipment

Land and buildings are initially recognised at cost. Land is subsequently carried at the revalued amount less accumulated impairment losses. Land improvements, buildings and structures are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land, land improvements, buildings and structures are revalued by independent professional valuers every 5 years or whenever there is an indication that their carrying amounts are likely differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of property and plant are credited to the revaluation reserve (included in fair value reserves) in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of income) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated on the straight line basis to write off the cost (or the revalued amount) of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Land improvements	5 - 30 years
Buildings and structures	20 - 40 years
Machinery and equipment	5 - 10 years
Vehicles	5 years
Fixtures and office equipment	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in operating profit. On disposals of revalued assets, the fair value reserve is transferred to retained earnings.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. All other borrowing costs are expensed.

2 Accounting policies (Cont'd)

2.11 Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Leases - where a Group company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables with current portion of the finance lease liabilities presented as current liabilities. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under the operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the periods of the leases. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

2.13 Borrowings

Borrowings are initially recognised at fair values of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any differences between proceeds (net of transaction costs) and the redemption values are recognised in the statement of income over the periods of the borrowings.

2.14 Deferred income taxes

The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from revaluations of certain non-current assets, provision for post employment benefit obligations and tax losses carried forward.

2.15 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which some entities in the Group pay fixed contributions into separate entities on a mandatory, contractual or voluntary basis. Some entities in the Group have no further payment obligations once the contributions have been paid.

The contributions from those entities to the post-employment benefit plans are charged to the consolidated statement of income in the year to which they relate.

2 Accounting policies (Cont'd)

2.15 Employee benefits (Cont'd)

(b) Post employment benefit obligations

The Group provides for post-employment benefits, payable to employees under the Thai Labour Law. The amounts payable in the future depend on the salary and years of service of the respective employees. The defined benefit obligations are measured, using the Projected Unit Credit method calculated annually by an independent actuary, in accordance with actuarial technique as the present value of the estimated future cash outflows, based on employee salaries, turnover rate, retirement ages, mortality rate, length of service and others, and using interest rates of government bonds, which have terms to maturity approximating to the terms of the related obligations. Actuarial gains or losses arising from changes in the actuarial assumptions of the present value of defined benefit obligations are recognized through statement of income using a straight-line basis over the expected average remaining working lives of the employees.

Actuarial gains or losses arising from changes in the actuarial assumptions of the present value of defined benefit obligations are recognised through statement of income using a straight-line basis over the expected average remaining working lives of the employees.

2.16 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements.

The Group recognises revenue when the amount of revenue and related costs can be reliably measured; it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Sales of goods

The Group manufactures and sells a range of natural rubber products. Sales of goods are recognised when a group entity has delivered products to the customers and the collectability of the related receivable is reasonably assured.

(b) Rendering of services

Revenue from services is recognised when the services are rendered.

2 Accounting policies (Cont'd)

2.18 Revenue recognition (Cont'd)

(c) Interest income

Interest income is recognised on an accrual basis unless collectibility is in doubt.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Rental income is recognised on an accrual basis in accordance with the relevant rental agreements.

2.19 Dividends

Dividends are recorded in the consolidated and Company's financial statements in the period in which they are approved by the shareholders.

2.20 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under supervision by the management, who identifies, evaluates and hedges financial risks.

3.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. To manage the foreign exchange risk arising from future commercial transactions and borrowings, entities in the Group use foreign currency forward exchange contracts.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

The Group does not recognise the foreign currency forward exchange contracts in the financial statements on inception.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.1 Foreign exchange risk (Cont'd)

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability will be settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the foreign currency forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are not recognised in the financial statements.

Disclosures about the foreign currency forward exchange contracts to which the Group is a party are provided in Note 20.

3.1.2 Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings which are issued at floating rates expose the Group to cash flow interest rate risk. The Group does not enter into any interest rate swap contracts to protect the cash flow interest rate risk. The Group's management believes that changes in market interest rates will not have a material effect to the statement of income.

In addition, borrowings which are issued at fixed rates expose the Group to fair value interest rate risk. However, the changes in market interest rates will not have a significant impact on the statement of income, as these borrowings are accounted for on an amortised cost basis.

3.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

3.2 Fair value estimation

The fair values of foreign currency forward exchange contracts are determined using forward exchange market rates at the balance sheet date. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

Information on the fair values of borrowings and foreign currency forward exchange contracts is included in Notes 17 and 20, respectively.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

6 Segment information

The chief operating decision maker has been identified as the Managing Director ("MD"). The MD reviews the Group's internal reporting regularly in order to assess the performance and allocate resources. The MD measures the business based on a measure of segment profit, which is derived on a basis consistent with the measurement of profit for the year in the consolidated statement of comprehensive income.

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

There are two reportable segments:

- (1) **Natural Rubber Products:** This segment is engaged in manufacturing, selling and trading in ribbed smoked sheets, concentrated latex and block rubber. This segment also includes manufacturing and selling of powdered and powder-free latex examination gloves, handrails escalator, injection-moulded rubber and plastic part and high-pressure hydraulic hose.
- (2) **Other business:** Main service of this reportable segment is provided for the Group with some services provided externally. This segment comprises logistic services, research and development in machinery/production process and IT services which are provided mainly to the Group.

The Group operates two business segments in five main geographical areas (2009 : four main geographical areas). The basis of allocating revenue to each geographical area is based on the origin of sales.

In the third quarter of 2010, the Company invested in Shi Dong Shanghai Rubber which is located in China. However, this Company has not commenced the business operation.

Breakdown of reportable segments by geography on the consolidated financial statements for the year ended 31 December 2010:

	Products natural rubber					Other business	Intersegmental balances	
	Thailand Baht'000	Indonesia Baht'000	Singapore Baht'000	USA Baht'000	China Baht'000	Thailand Baht'000	Baht'000	Total Baht'000
Segment revenues	55,132,328	9,018,961	29,226,344	5,632,972	11,153	1,661,708	-	100,683,466
Inter-segment revenues	(6,471,833)	(5,960,182)	(3,891,174)	(22,411)	(6,215)	(486,322)	-	(16,838,137)
Revenues from external customers	48,660,495	3,058,779	25,335,170	5,610,561	4,938	1,175,386	-	83,845,329
Depreciation and amortisation (Notes 13 and 14)	(259,924)	(83,204)	(4,642)	(632)	(47)	(23,518)	-	(371,967)
Finance income	3,241	896	1,511	49	37	426	-	6,160
Finance costs	(284,539)	(64,835)	(30,265)	(17,562)	-	(459)	-	(397,660)
Share of profits from associates and a joint venture	695,860	-	-	-	-	-	-	695,860
Income tax expenses	(111,698)	(74,932)	(34,357)	(25,893)	(145)	(45,781)	-	(292,806)
Profit (loss) for the year	3,559,286	212,475	390,760	6,039	2,366	93,129	(390,491)	3,873,564
Total assets	26,816,421	3,285,380	5,861,347	1,843,984	162,674	1,552,543	(2,475,324)	37,047,025

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6 Segment information (Cont'd)

Breakdown of reportable segments by geography on the consolidated financial statements for the year ended 31 December 2009:

	Products natural rubber				Other business	Intersegmental balances	(Restated) Total
	(Restated) Thailand Baht'000	(Restated) Indonesia Baht'000	(Restated) Singapore Baht'000	(Restated) USA Baht'000	(Restated) Thailand Baht'000	(Restated) Baht'000	Baht'000
Segment revenues	29,087,053	3,196,685	17,743,330	2,847,991	1,294,344	-	54,169,403
Inter-segment revenues	(4,631,367)	(2,361,885)	(800,571)	(144,953)	(320,861)	-	(8,259,637)
Revenues from external customers	24,455,686	834,800	16,942,759	2,703,038	973,483	-	45,909,766
Depreciation and amortisation (Notes 13 and 14)	(260,835)	(51,442)	(3,831)	(3,626)	(30,177)	-	(349,911)
Finance income	2,787	1,382	979	509	386	-	6,043
Finance costs	(231,895)	(59,007)	(16,387)	(21,383)	(1,215)	-	(329,887)
Share of profits from associates and a joint venture	744,538	-	-	-	-	-	744,538
Income tax expenses	(25,936)	(59,220)	-	(539)	(29,678)	-	(115,373)
Profit (loss) for the year	2,669,468	395,906	(165,278)	(52,736)	68,424	(733,323)	2,182,461
Total assets	18,366,367	1,808,454	3,812,205	1,149,015	999,577	(3,030,259)	23,105,359

7 Cash and cash equivalents

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Cash on hand	81,397	8,919	28,107	4,010
Deposits held at call with banks	1,692,565	971,447	658,737	479,974
Total cash and cash equivalents	1,773,962	980,366	686,844	483,984

The effective interest rates on short-term bank deposits were between 0.1% and 3.5% per annum (2009 : 0.25% to 0.50% per annum).

8 Trade accounts receivable, net

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Trade accounts receivable				
- other companies	5,643,108	4,089,423	2,964,143	1,903,173
<u>Less</u> allowance for trade receivables	(31,632)	(68,074)	(7,847)	(8,236)
	5,611,476	4,021,349	2,956,296	1,894,937
Trade accounts receivable				
- related companies (Note 32.3)	91,212	110,358	658,406	836,767
Trade accounts receivable, net	5,702,688	4,131,707	3,614,702	2,731,704

8 Trade accounts receivable, net (Cont'd)

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Within credit terms	5,277,954	3,834,419	3,132,733	2,327,880
Overdue 1 - 30 days	404,114	281,961	369,469	398,593
Overdue 31 - 60 days	23,534	3,311	68,015	1,694
Overdue 61 - 90 days	829	5,277	14,953	4
Overdue 91 - 120 days	714	6,802	29,526	4
Overdue 121 - 365 days	289	34,935	6	217
More than 365 days	26,886	33,076	7,847	11,548
	5,734,320	4,199,781	3,622,549	2,739,940
<u>Less</u> allowance for trade accounts receivable	(31,632)	(68,074)	(7,847)	(8,236)
Trade accounts receivable, net	5,702,688	4,131,707	3,614,702	2,731,704

9 Inventories, net

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Raw materials, packaging materials and chemicals (net with allowance)	6,753,653	3,684,097	4,488,554	3,217,241
Work in progress (net with allowance)	2,749,258	1,102,755	1,087,570	576,962
Finished goods (net with allowance)	10,715,743	5,322,286	4,904,516	2,864,790
Spare parts and supplies	63,779	64,101	24,364	26,670
	20,282,433	10,173,239	10,505,004	6,685,663

As at 31 December 2008, the Company and subsidiaries recognised losses on diminution in value of inventories amounted to Baht 685.8 million (Company financial statements : Baht 425.8 million) (Note 26) because of having the impact on decrease in market value. Subsequently, the Company and subsidiaries reversed the allowance for diminution in value of inventories in 2009 by decreasing cost of sales amounted to Baht 683.6 million (Company financial statements : Baht 425.8 million) for the goods sold at the lower prices than their costs.

As at 31 December 2009, inventories of a subsidiary with net book value amounted to Baht 1,105.7 million were pledged as collateral for the loans from banks as described in Note 17.

10 Other current assets

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Advances for inventories	184,466	34,895	107,117	104,040
Prepaid expenses	323,028	78,367	225,831	40,933
Value added tax refundable	36,888	29,424	10,199	11,875
Dividend receivables (Note 32.3)	-	402,300	-	315,000
Accrued income	29,585	333	107	85
Advance payments to futures brokers	22,556	23,972	2,772	1,680
Others	23,359	12,639	19,938	8,328
	619,882	581,930	365,964	481,941

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11 Investments in subsidiaries, associates and an interest in a joint venture

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Net book amount at 1 January	2,626,551	2,553,948	2,815,528.	2,240,528
Share of profits after tax	695,860	744,538	-	-
Acquisitions	-	-	454,650	575,000
Disposals	(19,125)	-	(16,875)	-
Dividends received (Note 32.1)	(329,057)	(671,935)	-	-
Currency translation differences	(52,429)	-	-	-
Net book amount at 31 December	2,921,800	2,626,551	3,253,303	2,815,528

11.1 Subsidiaries

The principal subsidiaries are:

Name	Business	Country of incorporation	% Ownership interest	
			2010	2009
Sri Trang International Pte Ltd.	Distribution of rubber products	Singapore	100.00	100.00
Sri Trang USA, Inc.	Distribution of rubber products	USA	100.00	100.00
PT Sri Trang Lingga Indonesia	Manufacture of STR block rubber	Indonesia	90.00	90.00
Anvar Parawood Co., Ltd.	Manufacture of parawood	Thailand	99.94	99.94
Rubberland Products Co., Ltd.	Manufacture of latex	Thailand	99.99	99.99
Numhua Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Sadao P.S. Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Startex Rubber Co., Ltd.	Rubber plantation	Thailand	99.99	99.99
Premier System Engineering Co., Ltd.	Provision of engineering services	Thailand	99.99	99.99
Starlight Express Transport Co., Ltd.	Provision of logistics services	Thailand	99.99	99.99
Sri Trang Rubber & Plantation Co., Ltd.	Rubber plantation	Thailand	99.99	99.99
Shi Dong Shanghai Rubber Co., Ltd.	Distribution of rubber products	China	100.00	-
Indirect subsidiaries				
Shi Dong Investments Pte Ltd. (held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	100.00	100.00
P.T. Star Rubber (held by Shi Dong Investments Pte Ltd.)	Manufacture of STR block rubber	Indonesia	99.00	99.00

In February 2009, the Company invested in the increased shares of PT Sri Trang Lingga Indonesia, a subsidiary, by paying cash amounted to USD 4.5 million (approximately Baht 161 million).

In March 2009, the Company invested in the increased shares of Sri Trang Rubber & Plantation Co., Ltd., a subsidiary, by paying cash of approximately Baht 15 million.

In June 2009, the Company invested in the increased shares of Sri Trang International Pte Ltd., a subsidiary, by paying cash amounted to USD 10 million (approximately Baht 344 million).

In November 2009, the Company invested in the increased shares of Sri Trang Rubber & Plantation Co., Ltd., a subsidiary, by paying cash of Baht 55 million.

In February 2010, the Company invested in the increased shares of Sri Trang Rubber & Plantation Co., Ltd., a subsidiary, by paying cash amounted to Baht 60 million.

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11 Investments in subsidiaries, associates and an interest in a joint venture (Cont'd)

11.1 Subsidiaries (Cont'd)

In April 2010, the Company invested in the increased shares of Sri Trang Rubber & Planatation Co., Ltd. by paying cash of Baht 40 million.

In August 2010, the Company invested in the increased shares of Sri Trang Bubber & Plantation Co., Ltd. by paying cash amounted to Baht 80 million.

In September 2010, the Company invested in the increased shares of Sri Trang Rubber & Plantation Co., Ltd. by paying cash amounting to Baht 80 million. In addition, the Company invested in the shares of Shi Dong Shanghai Rubber Co., Ltd., a subsidiary which was incorporated in August 2010, by paying cash of USD 5 million (approximately Baht 154.6 million).

In December 2010, the Company invested in the increased shares of Sri Trang Rubber & Plantation Co., Ltd. by paying cash amounted to Baht 40 million.

11.2 Associates

The Group's share of the results of its associates, all of which are unlisted, and its share of the assets including goodwill and liabilities are as follow:

Name	Business	Country of incorporation	Baht'000			Profits (losses)	% ownership interest
			Assets	Liabilities	Revenues		
2010							
Siam Sempermed Corporation Ltd.	Manufacture of medical gloves	Thailand	2,406,552	554,325	3,987,505	520,784	40.23
Semperflex Asia Corporation Ltd.	Manufacture of hydraulic hose	Thailand	429,706	81,177	460,043	74,772	42.50
Semperform Pacific Corporation Ltd.	Manufacture of moulded parts	Thailand	6,879	190	634	102	42.50
Sempermed USA, Inc.	Sales of medical gloves	USA	421,600	301,449	1,797,830	22,007	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	99,828	58,395	10,449	2,648	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hose	China	318,783	67,065	168,864	21,253	50.00
Sempermed Singapore Pte Ltd.	Investment holding	Singapore	108,800	8,691	-	(2,044)	50.00
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (held by Sempermed Singapore Pte Ltd.)	Sales of medical gloves	Brazil	168,109	28,620	283,119	(8,018)	50.00
Shanghai Foremost Plastic Industrial Co., Ltd. (held by Siam Sempermed Co., Ltd.)	Manufacture of medical gloves	China	89,624	8,411	159,541	(5,958)	40.23
2009							
Siam Sempermed Corporation Ltd.	Manufacture of medical gloves	Thailand	2,587,668	1,034,796	3,282,873	591,220	40.23
Semperflex Asia Corporation Ltd.	Manufacture of hydraulic hose	Thailand	400,441	44,485	254,884	9,994	42.50
Semperform Pacific Corporation Ltd.	Manufacture of moulded parts	Thailand	28,871	482	20,709	(880)	42.50
Sempermed USA, Inc.	Sales of medical gloves	USA	439,736	340,371	1,882,716	27,401	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	70,226	31,441	12,533	1,744	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hose	China	315,383	66,068	98,583	(10,296)	50.00
Sempermed Singapore Pte Ltd.	Investment holding	Singapore	122,327	9,387	13,357	13,357	50.00
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (held by Sempermed Singapore Pte Ltd.)	Sales of medical gloves	Brazil	210,220	52,084	316,034	93,557	50.00
Shanghai Foremost Plastic Industrial Co., Ltd. (held by Siam Sempermed Co., Ltd.)	Manufacture of medical gloves	China	107,097	19,190	172,169	6,879	40.23

In November 2010, the Company and Rubberland Products Co., Ltd. received proceeds from a decrease in share capital of Semperform Pacific Corporation Ltd., an associate, amounted to Baht 16.9 million and Baht 2.3 million, respectively, as a result of the change in the par value of the associate's ordinary shares from Baht 100 per share to Baht 25 per share.

11 Investments in subsidiaries, associates and an interest in a joint venture (Cont'd)

11.3 An interest in a joint venture

The jointly controlled entity is:

			Baht'000				%
Name	Business	Country of incorporation	Assets	Liabilities	Revenues	Profits (losses)	ownership interest
2010							
Thaitech Rubber Corporation Ltd.	Manufacture of STR block rubber	Thailand	1,684,081	1,327,711	4,922,555	70,314	33.50
2009							
Thaitech Rubber Corporation Ltd.	Manufacture of STR block rubber	Thailand	1,145,977	883,774	2,677,288	11,563	33.50

12 Available-for-sale financial assets

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Opening net book amount	36,699	25,149	36,220	24,791
Additions	30	-	-	-
Disposals	-	(1,573)	-	(1,573)
Changes in fair values of available-for-sale investments (Note 25)	9,538	13,123	8,886	13,002
Ending net book amount	46,267	36,699	45,106	36,220

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13 Property, plant and equipment, net

	Baht'000						
	Consolidated						
	Revaluation/cost basis		Cost basis			Assets under construction and installation	Total
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment		
At 1 January 2009							
Cost	937,436	1,019,983	1,736,245	431,856	185,936	239,461	4,550,917
Add surplus on asset revaluation	554,341	503,648	-	-	-	-	1,057,989
Less cumulative losses from asset revaluation	(98,963)	(22,384)	-	-	-	-	(121,347)
Less accumulated depreciation	(79,646)	(108,186)	(1,050,108)	(342,494)	(136,649)	-	(1,717,083)
Less provision for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book amount	1,313,168	1,393,061	678,596	89,362	49,287	239,461	3,762,935
For the year ended 31 December 2009							
Opening net book amount	1,313,168	1,393,061	678,596	89,362	49,287	239,461	3,762,935
Additions	72,757	69,325	215,843	32,269	7,396	394,781	792,371
Transfers in (out)	18,729	155,789	148,367	429	1,417	(324,731)	-
Disposals and write-offs	-	(29)	(1,108)	(4,385)	(109)	(8,034)	(13,665)
Depreciation charge (Note 26)	(32,234)	(82,227)	(174,621)	(33,894)	(18,894)	-	(341,870)
Currency translation differences	3,584	21,360	17,109	976	(3,619)	6,154	45,564
Closing net book amount	1,376,004	1,557,279	884,186	84,757	35,478	307,631	4,245,335
At 1 January 2009							
Cost	1,032,506	1,269,661	2,093,164	443,392	187,378	307,631	5,333,732
Add surplus on asset revaluation	554,341	503,648	-	-	-	-	1,057,989
Less cumulative losses from asset revaluation	(98,963)	(22,384)	-	-	-	-	(121,347)
Less accumulated depreciation	(111,880)	(193,646)	(1,201,437)	(358,635)	(151,900)	-	(2,017,498)
Less provision for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book amount	1,376,004	1,557,279	884,186	84,757	35,478	307,631	4,245,335

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13 Property, plant and equipment, net (Cont'd)

	Baht'000						
	Consolidated						
	Revaluation/cost basis		Cost basis				
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	Total
For the year ended 31 December 2010							
Opening net book amount	1,376,004	1,557,279	884,186	84,757	35,478	307,631	4,245,335
Additions	328,713	12,774	39,613	39,085	12,398	995,557	1,428,140
Transfers in (out)	88,661	282,214	399,722	20,413	4,582	(795,592)	-
Disposals and write-offs	(1,494)	(320)	(7,479)	(109)	(78)	(34,747)	(44,227)
Depreciation charge (Note 26)	(31,423)	(90,819)	(198,426)	(28,225)	(17,086)	-	(365,979)
Currency translation differences	(2,826)	(18,232)	(21,408)	(3,160)	3,097	(7,370)	(49,899)
Closing net book amount	1,757,635	1,742,896	1,096,208	112,761	38,391	465,479	5,213,370
At 31 December 2010							
Cost	1,443,683	1,542,634	2,399,349	491,319	200,241	465,479	6,542,705
Add surplus on asset revaluation	554,341	503,648	-	-	-	-	1,057,989
Less cumulative losses from asset revaluation	(98,943)	(22,384)	-	-	-	-	(121,327)
Less accumulated depreciation	(141,446)	(281,002)	(1,295,600)	(378,558)	(161,850)	-	(2,258,456)
Less provision for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book amount	1,757,635	1,742,896	1,096,208	112,761	38,391	465,479	5,213,370

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13 Property, plant and equipment, net (Cont'd)

	Baht'000						
	Company						
	Revaluation/cost basis		Cost basis				
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	Total
At 1 January 2009							
Cost	558,696	520,711	1,107,870	133,603	125,841	105,799	2,552,520
Add surplus on asset revaluation	396,843	342,742	-	-	-	-	739,585
Less cumulative losses from asset revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
Less accumulated depreciation	(51,854)	(57,237)	(662,888)	(111,275)	(93,473)	-	(976,727)
Less provision for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book amount	830,049	790,451	437,441	22,328	32,368	105,799	2,218,436
For the year ended 31 December 2009							
Opening net book amount	830,049	790,451	437,441	22,328	32,368	105,799	2,218,436
Additions	4,063	1,091	16,495	2,668	3,606	89,351	117,274
Transfers in (out)	11,703	76,523	67,522	-	1,164	(156,912)	-
Disposals and write-offs	-	-	(1,044)	(485)	(38)	(3,858)	(5,425)
Depreciation charge (Note 26)	(24,780)	(46,779)	(106,068)	(7,934)	(12,614)	-	(198,175)
Closing net book amount	821,035	821,286	414,346	16,577	24,486	34,380	2,132,110
At 31 December 2009							
Cost	574,462	598,325	1,161,132	131,635	129,663	34,380	2,629,597
Add surplus on asset revaluation	396,843	342,742	-	-	-	-	739,585
Less cumulative losses from asset revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
Less accumulated depreciation	(76,634)	(104,016)	(739,245)	(115,058)	(105,177)	-	(1,140,130)
Less provision for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book amount	821,035	821,286	414,346	16,577	24,486	34,380	2,132,110

13 Property, plant and equipment, net (Cont'd)

	Baht'000						
	Company						
	Revaluation/cost basis		Cost basis				
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	Total
For the year ended 31 December 2010							
Opening net book amount	821,035	821,286	414,346	16,577	24,486	34,380	2,132,110
Additions	44,160	773	13,808	12,118	2,581	135,703	209,143
Transfers in (out)	2,180	29,224	23,632	-	1,079	(56,115)	-
Disposals and write-offs	(1,378)	(36)	(5,934)	(109)	(52)	(26,942)	(34,451)
Depreciation charge (Note 26)	(21,403)	(47,534)	(90,096)	(7,750)	(9,493)	-	(176,276)
Closing net book amount	844,594	803,713	355,756	20,836	18,601	87,026	2,130,526
At 31 December 2010							
Cost	617,704	628,055	1,105,619	138,658	125,462	87,026	2,702,524
Add surplus on asset revaluation	396,843	342,742	-	-	-	-	739,585
Less cumulative losses from asset revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
Less accumulated depreciation	(96,317)	(151,319)	(742,322)	(117,822)	(106,861)	-	(1,214,641)
Less provision for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book amount	844,594	803,713	355,756	20,836	18,601	87,026	2,130,526

13 Property, plant and equipment, net (Cont'd)

Leased assets included above, where the Group and the Company are lessees under finance leases, comprise vehicles, fixtures and office equipment:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Cost of assets acquired under finance leases	144,497	73,967	39,298	27,725
<u>Less</u> accumulated depreciation	(89,748)	(32,332)	(25,211)	(20,356)
Net book amount	<u>54,749</u>	<u>41,635</u>	<u>14,087</u>	<u>7,369</u>

The Group's land, land improvements, buildings and structures thereon were revalued by independent valuers in the third quarter of 2008 using the market approach, the depreciated replacement cost approach and the income approach. The revaluation surplus was credited to fair value reserves in shareholders' equity (Note 25).

If the land, land improvements, buildings and structures were stated on the historical cost basis, the total carrying amount of the property, plant and equipment would be as follows:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Cost	6,542,705	5,333,732	2,702,524	2,629,597
<u>Less</u> accumulated depreciation	(2,836,522)	(1,959,882)	(1,611,598)	(1,545,268)
<u>Less</u> provision for impairment	(7,541)	(7,541)	(7,541)	(7,541)
Net book amount	<u>3,698,642</u>	<u>3,366,309</u>	<u>1,083,385</u>	<u>1,076,788</u>

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As at 31 December 2010, certain land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries with the total net book values amounted to Baht 1,940.3 million (2009 : Baht 1,331.3 million) are mortgaged as collateral for credit facilities and short-term and long-term loans from banks as explained in Note 17.

As at 31 December 2010 and 2009, the Group had gross carrying amounts of land improvements, buildings, structures, machinery and equipment, vehicles, fixtures and office equipment that are fully depreciated but they are still in active use totalling Baht 1,233 million and Baht 1,093.2 million, respectively.

Company financial statements

As at 31 December 2010 and 2009, the Company had gross carrying amounts of land improvements, buildings, structures, machinery and equipment, vehicles, fixtures and office equipment that are fully depreciated but they are still in active use totaling Baht 671.9 million and Baht 595.8 million, respectively.

14 Intangible assets, net

	Baht'000	
	Computer software	
	Consolidated	Company
At 1 January 2009		
Cost	53,042	29,255
<u>Less</u> accumulated amortisation	(31,301)	(21,611)
Net book amount	<u>21,741</u>	<u>7,644</u>
For the year ended 31 December 2009		
Opening net book amount	21,741	7,644
Additions	6,761	111
Write-offs	(6,071)	-
Amortisation charge (Note 26)	(8,041)	(2,729)
Currency translation differences	(94)	-
Net book amount	<u>14,296</u>	<u>5,026</u>
At 31 December 2009		
Cost	49,146	29,366
<u>Less</u> accumulated amortisation	(34,850)	(24,340)
Net book amount	<u>14,296</u>	<u>5,026</u>
For the year ended 31 December 2010		
Opening net book amount	14,296	5,026
Additions	13,487	8,204
Write-offs	(6)	-
Amortisation charge (Note 26)	(5,988)	(2,663)
Currency translation differences	(89)	-
Net book amount	<u>21,700</u>	<u>10,567</u>
At 31 December 2010		
Cost	61,721	37,096
<u>Less</u> accumulated amortisation	(40,021)	(26,529)
Net book amount	<u>21,700</u>	<u>10,567</u>

15 Land not used in operations

	Baht'000	
	Consolidated and Company	
	2010	2009
Cost	13,005	13,005
<u>Add</u> surplus on asset revaluation	10,318	10,318
<u>Less</u> cumulative loss from asset revaluation	(473)	(473)
Net book amount	<u>22,850</u>	<u>22,850</u>

The land not used in operations was revalued by an independent valuer in the third quarter of 2008 using the market approach.

16 Other non-current assets

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Refundable deposits	17,288	9,104	7,413	4,509
Prepayments	188	769	188	336
Others	43,349	25,125	2,961	2,961
	<u>60,825</u>	<u>34,998</u>	<u>10,562</u>	<u>7,806</u>

17 Borrowings

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Current				
Short-term borrowings				
Bank borrowings	20,452,626	11,988,758	10,641,378	8,588,383
Current portion of long-term borrowings				
Bank borrowings	597,610	206,216	575,000	93,750
Finance lease liabilities	17,165	12,219	10,506	5,235
Total current borrowings	<u>21,067,401</u>	<u>12,207,193</u>	<u>11,226,884</u>	<u>8,687,368</u>
Non-current				
Bank borrowings	2,226,050	1,578,130	2,031,250	1,406,250
Finance lease liabilities	22,927	15,339	13,531	5,375
Total non-current borrowings	<u>2,248,977</u>	<u>1,593,469</u>	<u>2,044,781</u>	<u>1,411,625</u>
Total borrowings	<u>23,316,378</u>	<u>13,800,662</u>	<u>13,271,665</u>	<u>10,098,993</u>

Short-term loans from banks

(a) Consolidated financial statements

The Group has facilities of overdrafts, loans for packing credit and short-term loans with several financial institutions totalling Baht 22,521 million, USD 259.1 million and Rp 75 billion (2009 : Baht 14,778 million and USD 131.5 million). The overdrafts bear interest at the rate of 6.25% per annum (2009 : 6.75% per annum). The loans for packing credit and short-term loans bear interest at the rates ranging from 1.09% to 11.5% per annum (2009 : 1.5% to 6% per annum). In addition, the balance of short-term loans for the Group as at 31 December 2010 amounting to Baht 20,452.6 million (2009 : Baht 11,988.8 million) included loans from banks of two subsidiaries as follows:

- A long-term loan of Rubberland Products Co., Ltd. amounting to Baht 244.8 million, which was classified as a short-term loan, as explained in the long-term loans from banks. This loan bears interest at the rate of MLR minus a fixed percentage per annum and the interest is payable on a monthly basis;
- A short-term loan of PT Sri Trang Lingga Indonesia amounting to USD 9.95 million (approximately Baht 297.9 million) (2009 : USD 4.95 million or equivalent to Baht 163.2 million) bears interest at SIBOR plus a fixed percentage per annum (2009 : SIBOR plus a fixed percentage per annum) and the interest is payable on a monthly basis. The loan was not in full compliance with the terms of the underlying loan agreement. Subsequent to 31 December 2010, the counterparty bank has waived the non-compliance with the terms of the underlying loan agreement. Furthermore, the Group raised SGD 336 million (approximately Baht 8,119 million) on 31 January 2011 upon the Company's successful listing on the Singapore Exchange Securities Trading Limited by issuing new shares of 280 million shares with an offering price of SGD 1.20 per share, as described in Note 34; and

17 Borrowings (Cont'd)

Short-term loans from banks (Cont'd)

(a) Consolidated financial statements (Cont'd)

- A long-term loan of PT Sri Trang Lingga Indonesia amounting to USD 4.2 million (approximately Baht 125.8 million), which was classified as a short-term term because under the terms of the underlying loan agreement, the counterparty bank reserves the right to request repayment of this loan on demand although the loan is repayable in 20 quarterly installments starting from April 2008 and the last installment is in January 2013. The loan bears interest at the rate of OBR minus a fixed percentage per annum and the interest is payable on a monthly basis.

As at 31 December 2010, the Group's facilities of overdrafts, loans for packing credit and short-term loans are guaranteed by land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries as described in Note 13, fixed deposits of a subsidiary amounted to Baht 22.4 million and certain of the Company's directors (no fee charged). According to a condition of the loan agreements, the Company and its two subsidiaries are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company and the subsidiaries must comply with other conditions and restrictions stated in the loan agreements.

As at 31 December 2009, the Group's facilities of overdrafts, loans for packing credit and short-term loans were guaranteed by inventories of the subsidiary as described in Note 9, land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries as described in Note 13, fixed deposits of the subsidiary amounted to Baht 69.4 million and certain of the Company's directors (no fee charged).

(b) Company financial statements

The Company has facilities of overdrafts, loans for packing credit and short-term loans with several financial institutions totalling Baht 16,490 million (2009 : Baht 12,315 million). The loans for packing credit and short-term loans amounted to Baht 10,641 million bear interest at the rates ranging from 1.28% to 2.4% per annum (2009 : 1.5% to 2.745% per annum). As at 31 December 2010, the Company's facilities of overdrafts, loans for packing credit and short-term loans are guaranteed by certain of the Company's directors (no fee charged) (2009 : guaranteed by certain of the Company's directors). According to a condition of the loan agreements, the Company is not allowed to create any encumbrance on its assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company must comply with other conditions and restrictions stated in the loan agreements.

17 Borrowings (Cont'd)

Long-term loans from banks

(a) Consolidated financial statements

- The Company

The first loan. balance of Baht 200 million (2009 : Baht 200 million), payable in December 2011, interest payable on a monthly basis, which bears interest at the rate of 3.87% per annum (2009 : 3.87% per annum).

The second loan. balance of Baht 2,406.3 million (2009 : Baht 1,300 million), which is a syndicated loan granted by three banks, payable in quarterly installments in principal starting from November 2010 and the last installment in August 2014, interest payable on a monthly basis, which bears interest at the rates of Thai Baht fixed deposit with maturity of three months plus a fixed percentage per annum and MLR minus a fixed percentage per annum (2009 : Thai Baht fixed deposit with maturity of three months plus a fixed percentage per annum and MLR minus a fixed percentage per annum).

- Numhua Rubber Co., Ltd.

The first loan. balance of Baht 10.9 million (2009 : Baht 34.3 million), payable in quarterly installments in principal starting from July 2005 and the last installment in April 2011, interest payable on a monthly basis, which bears interest at the rate of MLR per annum (2009 : MLR per annum).

The second loan. balance of Baht 3.8 million (2009 : Baht 8.8 million), payable in quarterly installments in principal starting from October 2007 and the last installment in July 2011, interest payable on a monthly basis, which bears interest at the rate of MLR per annum (2009 : MLR per annum).

The third loan. balance of Baht 18 million (2009 : Baht 26 million), payable in quarterly installments in principal starting from April 2008 and the last installment in January 2013, interest payable on a monthly basis, which bears interest at the rate of MLR per annum (2009 : MLR per annum).

- Rubberland Products Co., Ltd.

The first loan. balance of Baht 244.8 million outstanding as of 31 December 2010 was classified as a short-term loan, since this loan was not in full compliance with the terms of the underlying loan agreement. Subsequent to 31 December 2010, the counterparty bank has waived the non-compliance with the terms of the underlying loan agreement. Furthermore, the Group raised SGD 336 million (approximately Baht 8,119 million) on 31 January 2011 upon the Company's successful listing on the Singapore Exchange Securities Trading Limited by issuing new shares of 280 million shares with an offering price of SGD 1.20 per share, as described in Note 34.

As at 31 December 2009, the balance of loan was Baht 20 million, which would be repayable in quarterly installments in principal starting from November 2010 and the last installment in August 2015. The loan carried interest at the rate of MLR minus fixed percentages per annum. The interest was payable on a monthly basis.

17 Borrowings (Cont'd)

Long-term loans from banks (Cont'd)

(a) Consolidated financial statements (Cont'd)

- Rubberland Products Co., Ltd. (Cont'd)

The second loan, balance of Baht 184.8 million granted by a bank in 2010, payable in quarterly installments in principal starting from December 2011 and the last installment in September 2016, interest payable on a monthly basis, which bears interest at the rate of MLR minus a fixed percentage per annum.

- PT Sri Trang Lingga Indonesia

As at 31 December 2009, a long-term loan from a bank of USD 8.2 million (approximately Baht 204.3 million) would be repayable in 20 quarterly installments starting from April 2008 and the last installment would be in January 2013. The loan carried interest at the rate of OBR minus a fixed percentage per annum and the interest would be payable on a monthly basis.

As at 31 December 2010 and 2009, the Group's long-term loans are guaranteed by land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries as described in Note 13 and certain of the Company's directors (no fee charged). According to a condition of the loan agreements, the Company and its subsidiary are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company and the subsidiary must comply with other conditions and restrictions stated in the loan agreements.

(b) Company financial statements

- The Company

The first loan, balance of Baht 200 million (2009 : Baht 200 million), payable in December 2011, interest payable on a monthly basis, which bears interest at the rate of 3.87% per annum (2009 : 3.87% per annum).

The second loan, balance of Baht 2,406.3 million (2009 : Baht 1,300 million), which is a syndicated loan granted by three banks, payable in quarterly installments in principal starting from November 2010 and the last installment in August 2014, interest payable on a monthly basis, which bears interest at the rates of Thai Baht fixed deposit with maturity of three months plus a fixed percentage per annum and MLR minus a fixed percentage per annum (2009 : Thai Baht fixed deposit with maturity of three months plus a fixed percentage per annum and MLR minus a fixed percentage per annum).

According to a condition of the loan agreements, the Company is not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company must comply with other conditions and restrictions stated in the loan agreements.

17 Borrowings (Cont'd)

The interest rate exposure on the borrowings (excluding finance lease liabilities) of the Group and the Company is as follows:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Borrowings				
- at fixed rates	200,000	200,000	200,000	200,000
- floating rates	23,076,286	13,573,104	13,047,628	9,888,383
	<u>23,276,286</u>	<u>13,773,104</u>	<u>13,247,628</u>	<u>10,088,383</u>

Fair values of the long-term borrowings are based on discounted cash flows using discount rates based upon the borrowing rates which the management expects would be available to the Group and the Company at the balance sheet date. The carrying amounts of short-term borrowings and lease obligations approximate their fair values.

Maturity of long-term borrowings (excluding finance lease liabilities):

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Not later than 1 year	597,610	206,216	575,000	93,750
Later than 1 year but not later than 5 years	2,226,050	1,578,130	2,031,250	1,406,250
	<u>2,823,660</u>	<u>1,784,346</u>	<u>2,606,250</u>	<u>1,500,000</u>

Finance lease liabilities - minimum lease payments:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Not later than 1 year	18,840	13,066	11,540	5,471
Later than 1 year but not later than 5 years	24,103	16,290	14,171	5,639
	42,943	29,356	25,711	11,110
<u>Less</u> future finance charges on finance leases	(2,851)	(1,798)	(1,674)	(500)
Present values of finance lease liabilities	<u>40,092</u>	<u>27,558</u>	<u>24,037</u>	<u>10,610</u>
Representing lease liabilities:				
- Short-term	17,165	12,219	10,506	5,235
- Long-term	22,927	15,339	13,531	5,375
	<u>40,092</u>	<u>27,558</u>	<u>24,037</u>	<u>10,610</u>

17 Borrowings (Cont'd)

The present value of finance lease liabilities is as follows:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Not later than 1 year	17,165	12,219	10,506	5,235
Later than 1 year but not later than 5 years	22,927	15,339	13,531	5,375
	<u>40,092</u>	<u>27,558</u>	<u>24,037</u>	<u>10,610</u>

Borrowing facilities

The Group and the Company have the following undrawn committed borrowing facilities:

	Consolidated					
	2010			2009		
	Baht'000	USD'000	Million Rupiah	Baht'000	USD'000	Million Rupiah
Floating rate						
- Expiring within one year	<u>9,063,000</u>	<u>75,146</u>	<u>55,000</u>	<u>4,761,120</u>	<u>74,940</u>	<u>-</u>
					Company	
					2010	2009
					Baht'000	Baht'000
Floating rate						
- Expiring within one year					<u>5,849</u>	<u>3,727</u>

The facilities expiring within one year are annual facilities subject to reviews at various dates during year. The other facilities have been arranged to help finance the proposed expansion of activities for the Group and the Company.

18 Other current liabilities

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Social security and other taxes	42,740	29,594	25,305	19,511
Deferred income	97,267	28,955	19	26
Deposits and retentions received from customers	159,162	7,110	1,634	4,447
Others	22,168	21,354	18,520	15,656
	<u>321,337</u>	<u>87,013</u>	<u>45,478</u>	<u>39,640</u>

19 Provision for post employment benefit obligations

The movements in the defined benefit obligations over the year are as follows:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
At 1 January	77,158	68,141	33,583	29,959
Current service costs	10,109	8,047	2,961	2,912
Interest costs	2,972	2,270	1,321	893
Benefits paid	(953)	(1,300)	-	(181)
At 31 December	89,286	77,158	37,865	33,583

The amounts recognised in the statement of income are as follows:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Current service costs	8,264	8,047	2,961	2,912
Interest costs	2,972	2,269	1,321	893
Total	11,236	10,316	4,282	3,805

The principal actuarial assumptions used were as follows:

	Percentage			
	Consolidated		Company	
	2010	2009	2010	2009
Discount rate	4.7	4.7	4.7	4.7
Inflation rate	3.0	3.0	3.0	3.0
Future salary increases (monthly staff)	6.5	6.5	6.5	6.5
Future salary increases (daily staff)	3.0	3.0	3.0	3.0

20 Financial instruments

	Baht'000			
	Consolidated		Company	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments - at fair values				
At 31 December 2010				
Foreign currency forward exchange contracts	100,454	56,512	98,248	50,974
Rubber futures - purchases	98,182	-	-	-
Rubber futures - sales	-	92,228	-	14,436
	198,636	148,740	98,248	65,410
At 31 December 2009				
Foreign currency forward exchange contracts	19,055	11,639	13,725	10,184
Rubber futures - purchases	-	-	-	-
Rubber futures - sales	-	-	-	-
	19,055	11,639	13,725	10,184

21 Contingencies and commitments

21.1 Sales and purchase commitments

The Group and the Company are committed to certain sales and purchases for which the contractual prices are fixed and will be settled at future dates. The values of these commitments are as follows:

	Consolidated				Company			
	2010		2009		2010		2009	
	Tonnage	Baht'000	Tonnage	Baht'000	Tonnage	Baht'000	Tonnage	Baht'000
Purchases								
From associates	8,276	1,177,510	-	-	-	-	-	-
From third parties	91,616	12,704,594	34,588	3,087,270	-	-	-	-
	<u>99,892</u>	<u>13,882,104</u>	<u>34,588</u>	<u>3,087,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sales								
To associates	11,299	1,317,675	6,646	334,152	3,075	261,843	3,146	180,219
To third parties	144,574	18,697,645	80,701	6,778,456	49,213	6,420,293	60,153	5,091,635
	<u>155,873</u>	<u>20,015,320</u>	<u>87,347</u>	<u>7,112,608</u>	<u>52,288</u>	<u>6,682,136</u>	<u>63,299</u>	<u>5,271,854</u>

21.2 Capital commitments

The Group and the Company have capital commitments as the following:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Capital commitments	<u>442,410</u>	<u>68,732</u>	<u>134,151</u>	<u>-</u>

21.3 Commitments to guarantee loans of subsidiaries, a joint venture and associates

- 21.3.1 The Company has a commitment to guarantee loans of Sri Trang USA, Inc., a subsidiary, amounted to USD 45 million (approximately Baht 1,354.6 million) (2009 : USD 15 million or equivalent to Baht 499.8 million) (no fee charged).
- 21.3.2 The Company has a commitment to guarantee loans of PT Sri Trang Lingga Indonesia, a subsidiary, amounted to USD 45.6 million and Rp 126.1 billion (approximately Baht 1,783.9 million) (2009 : USD 11 million or equivalent to Baht 366.5 million) (no fee charged).
- 21.3.3 The Company has a commitment to guarantee loans of P.T. Star Rubber, a subsidiary, amounted to USD 14.6 million and Rp 50 billion (approximately Baht 587.9 million) (2009 : USD 2.1 million and Rp 34.7 billion or equivalent to Baht 116.3 million) (no fee charged).
- 21.3.4 The Company has a commitment to guarantee loans of Sadao P.S. Rubber Co., Ltd., a subsidiary, amounted to Baht 107.5 million (2009 : Baht 92.5 million) (no fee charged).
- 21.3.5 The Company has a commitment to guarantee loans and credit facilities of Thaitech Rubber Corporation Ltd., a joint venture, limited to its percentage of holding amounting to USD 1 million (approximately Baht 30.5 million) and Baht 36.9 million (2009 : USD 1 million (approximately Baht 33.6 million) and Baht 36.9 million) (no fee charged).
- 21.3.6 The Company has a commitment to guarantee loans of Sempermed USA, Inc., an associated company, limited to its percentage of holding amounting to USD 2 million (approximately Baht 60.2 million) (2009 : USD 2 million or equivalent to Baht 66.6 million) (no fee charged).
- 21.3.7 The Group has contingently liabilities for bank guarantees issued in favor of government agency totalling Baht 33.6 million (2009 : Baht 28.5 million) and has pledged its fixed deposits of Baht 14.2 million (2009 : Baht 14.1 million) as collateral for these bank guarantees.

21 Contingencies and commitments (Cont'd)

21.4 Operating lease commitments - where the Group/Company is the lessee

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

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Not later than 1 year	43,759	39,473	16,666	22,960
Later than 1 year but not later than 5 years	67,897	66,657	13,989	25,140
Later than 5 years	3,060	2,550	-	334
Total	114,716	108,680	30,655	48,434

22 Share capital and premium on share capital

	Consolidated and Company					
	Par value (Baht)	Number of registered shares (Shares)	Issued and paid-up shares (Shares)	Ordinary shares (Baht'000)	Share premium (Baht'000)	Total (Baht'000)
At 1 January 2009	5	200,000,000	200,000,000	1,000,000	1,123,800	2,123,800
Issue of shares	-	-	-	-	-	-
At 31 December 2009, pre-split share	5	200,000,000	200,000,000	1,000,000	1,123,800	2,123,800
At 28 June 2010, post-split share (split share 1 : 5)	1	1,000,000,000	1,000,000,000	1,000,000	1,123,800	2,123,800
Issue of shares	1	280,000,000	-	-	-	-
At 31 December 2010	1	1,280,000,000	1,000,000,000	1,000,000	1,123,800	2,123,800

At the Extraordinary General Shareholders' Meeting 1/2553 held on 28 June 2010, the shareholders approved a resolution to change the par value of the Company's share from Baht 5 per share to Baht 1 per share and to increase the authorised share capital of Baht 280,000,000 from Baht 1,000,000,000 to Baht 1,280,000,000 by the registering of additional 280,000,000 ordinary shares of Baht 1 each. The Company registered the increased share capital with the Ministry of Commerce on 29 June 2010.

As at 31 December 2010, the total authorised number of ordinary shares is 1,280,000,000 shares (2009 : 200,000,000 shares) with a par value of Baht 1 per share (2009 : Baht 5 per share). 1,000,000,000 shares are issued and fully paid-up.

23 Legal reserve

	Baht'000	
	Consolidated and Company	
	2010	2009
At 1 January	100,000	100,000
Appropriation during the year	-	-
At 31 December	100,000	100,000

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

24 Minority interests

	Baht'000	
	Consolidated	
	2010	2009
Balance at 1 January	36,270	(5,666)
Additional investments	-	2,680
Share of net profits of subsidiaries	20,847	40,475
Dividends paid	(7,963)	-
Currency translation differences	(6,943)	(1,219)
Balance at 31 December	42,211	36,270

25 Unrealised gains (losses)

Unrealised gains (losses) consist of fair value reserves, which are non-distributable, and can be analysed as follows:

	Baht'000		Baht'000	
	Consolidated		Company	
	2010	2009	2010	2009
Fair value reserves				
- land and buildings	974,059	1,010,671	679,264	706,108
- available-for-sale investments	3,338	(6,201)	2,516	(6,370)
Currency translation differences	(268,300)	(45,997)	-	-
Total	709,097	958,473	681,780	699,738

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
Notes to the consolidated and Company financial statements
For the years ended 31 December 2010 and 2009

25 Unrealised gains (losses) (Cont'd)

The movements in each category of reserves were as follows:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Land and buildings				
At 1 January	1,010,671	1,051,522	706,108	736,999
Transfers of depreciation to retained earnings - unappropriated	(36,612)	(40,851)	(26,844)	(30,891)
At 31 December	974,059	1,010,671	679,264	706,108
Available-for-sale investments				
At 1 January	(6,200)	(19,323)	(6,370)	(19,372)
Revaluation (Note 12)	9,538	13,123	8,886	13,002
At 31 December	3,338	(6,200)	2,516	(6,370)
Currency translation differences				
At 1 January	(45,997)	(9,922)	-	-
Currency translation differences arising during the year	(222,303)	(36,075)	-	-
At 31 December	(268,300)	(45,997)	-	-
Total	709,097	958,473	681,780	699,738

26 Operating profit

The following significant items have been charged to the operating profits during the years.

For the years ended 31 December	Notes	Consolidated		Company	
		2010	2009	2010	2009
Raw materials and consumables used		55,464,757	28,919,665	34,327,986	20,284,446
Allowance for /(reversal of) inventory cost in excess of net realisable value	9	-	(683,560)	-	(425,771)
Employee costs		755,163	646,355	338,118	314,007
Depreciation and amortisation	13 and 14	371,967	349,911	178,939	200,904
Transportation and distribution expenses		818,241	777,758	522,074	437,143
Energy expense		480,679	412,536	246,424	237,538
Cess expense		800,286	470,380	684,056	410,555

Additional information

The Cess expense is a fee charged to the exporters of natural rubber products to be deposited into the rubber replanting aid fund managed by the Office of the Rubber Replanting Aid Fund ("ORRAF") in Thailand for the purpose of replanting extension support.

27 Sales of goods and services

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Revenues from sales of goods	83,683,992	45,793,410	44,033,004	24,023,912
Service revenues	161,337	116,356	7,703	-
Total	83,845,329	45,909,766	44,040,707	24,023,912

28 Other income

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Dividend income	17,598	638	355,580	539,122
Rental income	10,346	10,381	1,359	1,434
Income from sales of scraps	16,434	8,022	7,131	3,651
(Losses) gains on disposals of and write-offs of property, plant and equipment, and intangible assets	(6,721)	(3,200)	(1,919)	471
Others	39,506	90,042	32,600	52,912
Total	77,163	105,883	394,751	597,590

29 Finance costs - net

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Finance income				
Interest income from bank deposits	2,890	5,394	874	1,374
Interest income from customers and brokers	3,270	649	1,882	873
Total finance income	6,160	6,043	2,756	2,247
Finance costs				
Interest expenses on bank borrowings	445,854	328,041	238,463	199,474
Interest expenses on finance leases	1,665	1,846	741	915
Net foreign exchange gains on financing activities	(49,859)	-	-	-
Total finance costs	397,660	329,887	239,204	200,389
Finance costs - net	391,500	323,844	236,448	198,142

30 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

	Consolidated		Company	
	2010	2009	2010	2009
Net profit attributable to ordinary shareholders (Baht'000)	3,852,716	2,141,986	2,382,625	1,443,638
Weighted average number of ordinary shares in issue (shares)	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Basic earnings per share (Baht)	3.85	2.14	2.38	1.44

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2010 and 2009.

31 Dividends

A dividend in respect of the year ended 31 December 2009 of Baht 3 per share (amounting to a total of Baht 600 million) was paid on 27 May 2010 to all shares outstanding (the year ended 31 December 2008 : Baht 1 per share amounting to a total of Baht 200 million).

32 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

32 Related party transactions (Cont'd)

The following transactions were carried out with related companies:

32.1 Sales of goods and services

For the years ended 31 December	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Sales of goods to:				
Subsidiaries	-	-	2,276,290	2,699,988
Associates	5,002,056	3,276,039	2,344,059	1,372,402
	<u>5,002,056</u>	<u>3,276,039</u>	<u>4,620,349</u>	<u>4,072,390</u>
Sales of services to:				
Subsidiaries	-	-	22,370	10,382
Associates	136,679	102,031	6,370	3,715
	<u>136,679</u>	<u>102,031</u>	<u>28,740</u>	<u>14,097</u>
Dividend income received from (Note 11):				
Subsidiaries	-	-	71,665	-
Associates	329,057	624,700	266,362	491,250
A joint venture	-	47,235	-	47,235
	<u>329,057</u>	<u>671,935</u>	<u>338,027</u>	<u>538,485</u>
Rental income from:				
A subsidiary	-	-	-	6
An associate	5,538	5,664	894	1,020
	<u>5,538</u>	<u>5,664</u>	<u>894</u>	<u>1,026</u>

32.2 Purchases of goods and services

For the years ended 31 December	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Purchases of goods from:				
Subsidiaries	-	-	4,191,735	1,206,140
Associates	401,339	279,291	396,509	272,160
A joint venture	6,269,563	2,971,771	-	-
	<u>6,670,902</u>	<u>3,251,062</u>	<u>4,588,244</u>	<u>1,478,300</u>
Purchases of services from:				
Subsidiaries	-	-	311,553	258,995
Associates	2,019	941	1,551	779
	<u>2,019</u>	<u>941</u>	<u>313,104</u>	<u>259,774</u>

Pricing policies for significant related party transactions

Sales of goods and raw materials	At prices normally charged to third parties.
Service income - transportation	At contract prices.
Service income - management	At contract prices.
Interest income from trade credit	At a fixed rate per sales contracts.
Rental income	At contract prices.
Purchases of goods	At prices normally purchased from third parties.
Purchases of fixed assets	At actual cost plus margin.
Rental and service expenses	At contract prices.
Guarantees	No fee charged.

32 Related party transactions (Cont'd)

32.3 Outstanding balances arising from sales/purchases of goods and services and other income as at 31 December

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Trade accounts receivable (Note 8)				
Subsidiaries	-	-	635,777	812,970
Associates	91,212	110,358	22,629	23,797
	<u>91,212</u>	<u>110,358</u>	<u>658,406</u>	<u>836,767</u>
Amounts due from futures broker				
An associate	<u>81,275</u>	<u>1,851</u>	<u>81,275</u>	<u>1,851</u>
Other receivable				
An associate	<u>2,772</u>	<u>1,680</u>	<u>2,772</u>	<u>1,680</u>
Dividend receivables (Note 10)				
Associates	<u>-</u>	<u>402,300</u>	<u>-</u>	<u>315,000</u>
	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
Advance payments for goods				
Subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,273</u>
Trade accounts payable:				
Subsidiaries	-	-	166,731	135,285
Associates	77,852	50,811	76,992	50,270
A joint venture	771,598	406,210	-	-
	<u>849,450</u>	<u>457,021</u>	<u>243,723</u>	<u>185,555</u>

32.4 Management benefit expenses

Key management includes all directors and non-directors. The compensation paid or payable to key management for their services is shown below:

	Baht'000			
	Consolidated		Company	
	2010	2009	2010	2009
For the years ended 31 December				
Salaries and other employee benefits	66,894	49,529	24,199	26,833

33 Promotional privileges

By virtue of the provisions of Industrial Investment Promotion Act. B.E. 2520, the Group and the Company were granted certain privileges on their manufactures of concentrated latex, STR block rubber and Skim Crepe, which included among others, as follows:

- (a) Exemption from payment of import duty on imported machinery and equipment.
- (b) Exemption from payment of income tax for the period of eight years starting from the commencement date of the promoted business, and 50 percent reduced from the normal income tax rate for the next five years after the period of eight years is expired.
- (c) A deduction of an amount equal to five percent of the increased income of export sales over the previous year for ten years starting from the date of the promoted business.

As a promoted industry, the Group and the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

Sales classified as promoted and non-promoted business for the years ended 31 December 2010 and 2009 of the Company are summarised as follows:

	Baht'000					
	2010			2009		
	Promoted business	Non- promoted business	Total	Promoted business	Non- promoted business	Total
Export sales and service income - net	12,866,806	20,305,490	33,172,296	12,022,393	6,937,855	18,960,248
Domestic sales and service income - net	3,015,633	7,845,075	10,860,708	2,724,593	2,339,071	5,063,664
Total	15,882,439	28,150,565	44,033,004	14,746,986	9,276,926	24,023,912

34 Post balance sheet event

Initial Public Offering

On 31 January 2011, the Company has successfully placed and priced its Initial Public Offering ("IPO") of new ordinary shares of 280 million shares with an offering price of SGD 1.20 per share, totalling SGD 336 million (approximately Baht 8,119 million), on the Singapore Exchange Securities Trading Limited ("SGX-ST"). In addition, the SGX-ST has set the new ordinary shares of the Company to be traded on its main board on that date.

The consolidated and Company financial statements, which have been prepared in accordance with Singapore Financial Reporting Standards, are available in the SGX-ST's website ("www.sgx.com").

**SRI TRANG AGRO-INDUSTRY PUBLIC
COMPANY LIMITED**
(Incorporated in Thailand)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
(Incorporated in Thailand)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

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**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2010

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the financial statements of the Company as set out on pages 3 to 85 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010 and of the results of the business, changes in equity and cash flows of the Group and the Company for the financial year then ended, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

On behalf of the directors



Dr Viyavood Sincharoenkul
Chairman and Managing Director



Kitichai Sincharoenkul
Executive Director

25 February 2011

INDEPENDENT AUDITOR'S REPORT TO SHAREHOLDERS OF SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

We have audited the accompanying consolidated financial statements of Sri Trang Agro-Industry Public Company Limited (the "Company") and its subsidiaries, (the "Group") and the financial statements of the Company set out on pages 3 to 85, which comprise the statements of financial position as at 31 December 2010, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group and the Company for the financial year then ended.



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 25 February 2011

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

			Group		Company
	Note	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Assets					
Current assets					
Cash and cash equivalents	6	1,773,962,250	980,366,076	686,844,087	483,984,305
Fixed deposits at financial institutions		-	261,023	-	261,023
Derivative financial instruments	7	490,781,906	126,964,739	98,248,193	13,725,222
Trade receivables					
- other companies	8	5,611,476,508	4,021,349,243	2,956,295,910	1,894,936,531
- related companies	9 (d)	91,211,679	110,358,102	658,406,117	836,766,908
Amounts due from futures brokers					
- an associate	9 (d)	81,274,854	1,851,262	81,274,854	1,851,262
Inventories	10	20,282,433,067	10,173,238,964	10,505,003,800	6,685,663,029
Dividends receivable	9 (d)	-	402,300,000	-	315,000,000
Other current assets	11	619,881,829	179,629,501	365,963,663	166,940,686
Total current assets		28,951,022,093	15,996,318,910	15,352,036,624	10,399,128,966
Non-current assets					
Fixed deposits pledged as collateral	12	125,444,193	83,487,472	12,550,742	12,468,573
Investments in subsidiaries	13	-	-	2,553,696,099	2,099,045,959
Investments in associates	13	2,615,422,131	2,383,514,085	679,507,500	696,382,500
Investment in a joint venture	13	325,283,320	254,969,490	20,099,800	20,099,800
Available-for-sale financial assets	14	46,267,524	36,699,040	45,105,924	36,220,466
Property, plant and equipment	15	5,213,369,663	4,245,334,830	2,130,526,410	2,132,110,136
Intangible assets	16	21,700,028	14,295,777	10,566,822	5,026,191
Investment properties		48,031,578	39,842,844	22,850,000	22,850,000
Withholding tax deducted at source		143,304,823	121,167,331	120,310,909	81,586,335
Deferred income tax assets	17	130,263,642	170,414,533	12,853,716	89,565,915
Other non-current assets		35,643,792	18,004,963	10,561,720	7,805,598
Total non-current assets		8,704,730,694	7,367,730,365	5,618,629,642	5,203,161,473
Total assets		37,655,752,787	23,364,049,275	20,970,666,266	15,602,290,439

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

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

			<u>Group</u>		<u>Company</u>
	Note	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Liabilities and equity					
Current liabilities					
Trade payables					
- other companies	19	1,689,077,591	1,087,769,111	842,169,590	535,320,345
- related companies	9 (d)	849,450,383	457,021,263	243,723,162	185,554,750
Short-term loans from financial institutions	18	20,452,626,308	11,988,758,412	10,641,378,000	8,588,383,000
Current portion of long-term loans	18	597,610,000	206,215,640	575,000,000	93,750,000
Current portion of finance lease liabilities	18	17,165,140	12,219,174	10,505,841	5,235,118
Derivative financial instruments	7	493,487,531	49,953,090	65,410,102	20,301,262
Current income tax liabilities		119,671,329	76,519,046	-	-
Accrued expenses		247,160,296	150,446,060	119,975,847	98,731,189
Other current liabilities		321,337,008	90,635,478	45,478,416	39,639,575
Total current liabilities		24,787,585,586	14,119,537,274	12,543,640,958	9,566,915,239
Non-current liabilities					
Long-term loans	18	2,226,050,000	1,578,129,844	2,031,250,000	1,406,250,000
Finance lease liabilities	18	22,927,273	15,338,906	13,531,353	5,375,221
Deferred income tax liabilities	17	138,402,245	192,306,576	71,649,954	92,024,655
Provision for post employment benefit obligations	20	89,285,659	73,535,281	37,865,261	33,583,322
Total non-current liabilities		2,476,665,177	1,859,310,607	2,154,296,568	1,537,233,198
Total liabilities		27,264,250,763	15,978,847,881	14,697,937,526	11,104,148,437

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

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

			<u>Group</u>		<u>Company</u>	
	Note	2010 Baht	2009 Baht	2010 Baht	2009 Baht	
Liabilities and equity (continued)						
Equity						
Authorised share capital	21	1,280,000,000	1,000,000,000	1,280,000,000	1,000,000,000	
Issued and paid - up share capital	21	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	
Premium on share capital	21	1,123,800,000	1,123,800,000	1,123,800,000	1,123,800,000	
Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests		(173,134,488)	(173,134,488)	-	-	
Revaluation surplus, net of accumulated depreciation and tax		850,018,523	845,558,275	610,628,497	605,519,819	
Unrealised loss on available-for-sale financial assets, net of tax		3,022,987	(5,372,795)	2,299,988	(5,555,180)	
Cumulative translation adjustments		(283,842,793)	(56,149,711)	-	-	
Retained earnings						
- Appropriated – legal reserve	22	100,000,000	100,000,000	100,000,000	100,000,000	
- Unappropriated	23	7,729,396,328	4,514,229,951	3,436,000,255	1,674,377,363	
		10,349,260,557	7,348,931,232	6,272,728,740	4,498,142,002	
Non-controlling interests		42,241,467	36,270,162	-	-	
Total equity		10,391,502,024	7,385,201,394	6,272,728,740	4,498,142,002	
Total liabilities and equity		37,655,752,787	23,364,049,275	20,970,666,266	15,602,290,439	

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

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

		Group		Company	
	Note	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Sales of goods and services	9 (a)	83,845,328,841	46,004,824,836	44,040,706,709	24,023,911,986
Costs of sales and services	10	(78,678,531,873)	(42,375,308,176)	(41,121,586,298)	(21,927,515,872)
Gross profit		5,166,796,968	3,629,516,660	2,919,120,411	2,096,396,114
Selling expenses		(1,780,698,903)	(1,436,953,183)	(1,316,673,395)	(963,202,748)
Administrative expenses		(576,498,371)	(539,536,535)	(220,138,655)	(206,991,894)
Gain on exchange rates		925,460,794	380,555,842	808,609,694	145,440,667
Other income	9 (a)	77,162,994	105,883,404	394,750,751	597,590,365
Other gain/(loss) – net	24	(10,390,619)	(97,904,233)	103,543,835	(632,198)
Operating profit		3,801,832,863	2,041,561,955	2,689,212,641	1,668,600,305
Finance income	25	6,160,470	6,042,817	2,756,402	2,247,452
Finance costs	25	(397,660,146)	(172,466,811)	(239,203,958)	(200,389,772)
Finance costs – net	25	(391,499,676)	(166,423,994)	(236,447,556)	(198,142,320)
Share of profit of associates and a joint venture	13	702,833,127	745,956,797	-	-
Profit before income tax		4,113,166,314	2,621,094,758	2,452,765,085	1,470,457,985
Income tax expense	26	(272,661,891)	(330,198,677)	(86,033,514)	(153,981,740)
Profit for the year		3,840,504,423	2,290,896,081	2,366,731,571	1,316,476,245
Other comprehensive income:					
Unrealised gain on available-for-sale financial assets, net of tax		8,395,782	11,456,680	7,855,168	11,340,302
Currency translation differences arising from consolidation		(242,599,995)	(34,987,612)	-	-
Other comprehensive income for the year, net of tax		(234,204,213)	(23,530,932)	7,855,168	11,340,302
Total comprehensive income for the year		3,606,300,210	2,267,365,149	2,374,586,739	1,327,816,547
Profit attributable to:					
Equity holders of the Company		3,819,626,625	2,256,087,516	2,366,731,571	1,316,476,245
Non-controlling interests		20,877,798	34,808,565	-	-
		3,840,504,423	2,290,896,081	2,366,731,571	1,316,476,245
Total comprehensive income attributable to:					
Equity holders of the Company		3,600,329,324	2,233,775,177	2,374,586,739	1,327,816,547
Non-controlling interests		5,970,886	33,589,972	-	-
Total comprehensive income for the year		3,606,300,210	2,267,365,149	2,374,586,739	1,327,816,547
Basic and diluted earnings per share					
Net profit attributable to equity holders of the Company	27	3.82	2.26	2.37	1.32

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

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

Group

Group

Attributable to equity holders of the Company												
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Deduction arising from acquisition of additional interest in subsidiaries from non- controlling interests Baht	Revaluation surplus Baht	Unrealised gain/(loss) on available -for-sale financial assets Baht	Cumulative translation adjustments Baht	Retained earnings		Total	Non-controlling interests Baht	Total equity Baht
								Appropriated – legal reserve Baht	Unappropriated Baht			
2010												
Balance as at 1 January 2010		1,000,000,000	1,123,800,000	(173,134,488)	845,558,275	(5,372,795)	(56,149,711)	100,000,000	4,514,229,951	7,348,931,232	36,270,162	7,385,201,394
Profit for the year		-	-	-	-	-	-	-	3,819,626,625	3,819,626,625	20,877,798	3,840,504,423
Other comprehensive income												
Depreciation transfer on assets revaluation, net of tax	15	-	-	-	4,460,248	-	-	-	(4,460,248)	-	-	-
Available-for-sale financial assets, net of tax	14	-	-	-	-	8,395,782	-	-	-	8,395,782	-	8,395,782
Currency translation differences		-	-	-	-	-	(227,693,082)	-	-	(227,693,082)	(14,906,913)	(242,599,995)
Total other comprehensive income		-	-	-	4,460,248	8,395,782	(227,693,082)	-	(4,460,248)	(219,297,300)	(14,906,913)	(234,204,213)
Total comprehensive income		-	-	-	4,460,248	8,395,782	(227,693,082)	-	3,815,166,377	3,600,329,325	5,970,885	3,606,300,210
Transaction with equity holders												
Dividends relating to 2009 paid	28	-	-	-	-	-	-	-	(600,000,000)	(600,000,000)	-	(600,000,000)
Issue of ordinary shares from a subsidiary		-	-	-	-	-	-	-	-	-	420	420
Total transaction with equity holders		-	-	-	-	-	-	-	(600,000,000)	(600,000,000)	420	(5,999,999,580)
Balance as at 31 December 2010		1,000,000,000	1,123,800,000	(173,134,488)	850,018,523	3,022,987	(283,842,793)	100,000,000	7,729,396,328	10,349,260,557	42,241,467	10,391,502,024

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

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

Group	Attributable to equity holders of the Company											
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Deduction arising from acquisition of additional interest in subsidiaries from <u>non-controlling interests</u> Baht	Revaluation surplus Baht	Unrealised gain/(loss) on available - for-sale financial assets Baht	Cumulative translation adjustments Baht	Retained earnings		Total Baht	Non-controlling interests Baht	Total equity Baht
								Appropriated – legal reserve Baht	Unappropriated Baht			
2009												
Balance as at 1 January 2009		1,000,000,000	1,123,800,000	(173,134,488)	880,472,808	(16,829,475)	(22,380,692)	100,000,000	2,423,227,902	5,315,156,055	-	5,315,156,055
Profit for the year		-	-	-	-	-	-	-	2,256,087,516	2,256,087,516	34,808,565	2,290,896,081
Other comprehensive income												
Depreciation transfer on assets revaluation, net of tax	15	-	-	-	(34,914,533)	-	-	-	34,914,533	-	-	-
Available-for-sale financial assets, net of tax	14	-	-	-	-	11,456,680	-	-	-	11,456,680	-	11,456,680
Currency translation differences		-	-	-	-	-	(33,769,019)	-	-	(33,769,019)	(1,218,593)	(34,987,612)
Total other comprehensive income		-	-	-	(34,914,533)	11,456,680	(33,769,019)	-	34,914,533	(22,312,339)	(1,218,593)	(23,530,932)
Total comprehensive income		-	-	-	(34,914,533)	11,456,680	(33,769,019)	-	2,291,002,049	2,233,775,177	33,589,972	2,267,365,149
Transaction with equity holders												
Dividends relating to 2008 paid	28	-	-	-	-	-	-	-	(200,000,000)	(200,000,000)	-	(200,000,000)
Shares issued to non- controlling interests shareholders of a subsidiary		-	-	-	-	-	-	-	-	-	2,679,700	2,679,700
Issue of ordinary shares from a subsidiary		-	-	-	-	-	-	-	-	-	490	490
Total transaction with equity holders		-	-	-	-	-	-	-	(200,000,000)	(200,000,000)	2,680,190	(197,319,810)
Balance as at 31 December 2009		1,000,000,000	1,123,800,000	(173,134,488)	845,558,275	(5,372,795)	(56,149,711)	100,000,000	4,514,229,951	7,348,931,232	36,270,162	7,385,201,394

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

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

Company

	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests Baht	Revaluation surplus Baht	Unrealised gain/(loss) on available -for-sale financial assets Baht	Cumulative translation adjustments Baht	Retained earnings		Total equity Baht
								Appropriated – legal reserve Baht	Unappropriated Baht	
2010										
Balance as at 1 January 2010		1,000,000,000	1,123,800,000	-	605,519,819	(5,555,180)	-	100,000,000	1,674,377,363	4,498,142,002
Profit for the year		-	-	-	-	-	-	-	2,366,731,570	2,366,731,570
Other comprehensive income										
Depreciation transfer on assets revaluation, net of tax	15	-	-	-	5,108,678	-	-	-	(5,108,678)	-
Available-for-sale financial assets, net of tax	14	-	-	-	-	7,855,168	-	-	-	7,855,168
Total other comprehensive income		-	-	-	5,108,678	7,855,168	-	-	(5,108,678)	7,855,168
Total comprehensive income		-	-	-	5,108,678	7,855,168	-	-	2,361,622,892	2,374,586,738
Transaction with equity holders										
Dividends relating to 2009 paid	28	-	-	-	-	-	-	-	(600,000,000)	(600,000,000)
Total transaction with equity holders		-	-	-	-	-	-	-	(600,000,000)	(600,000,000)
Balance as at 31 December 2010		1,000,000,000	1,123,800,000	-	610,628,497	2,299,988	-	100,000,000	3,436,000,255	6,272,728,740

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

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

Company

		Issued and paid-up share capital	Premium on share capital	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Revaluation surplus	Unrealised gain/(loss) on available -for-sale financial assets	Cumulative translation adjustments	Retained earnings		Total equity
	Note	Baht	Baht	Baht	Baht	Baht	Baht	Appropriated – legal reserve	Unappropriated	Baht
2009										
Balance as at 1 January 2009		1,000,000,000	1,123,800,000	-	632,461,383	(16,895,482)	-	100,000,000	530,959,554	3,370,325,455
Profit for the year		-	-	-	-	-	-	-	1,316,476,245	1,316,476,245
Other comprehensive income										
Depreciation transfer on assets revaluation, net of tax	15	-	-	-	(26,941,564)	-	-	-	26,941,564	-
Available-for-sale financial assets, net of tax	14	-	-	-	-	11,340,302	-	-	-	11,340,302
Total other comprehensive income		-	-	-	(26,941,564)	11,340,302	-	-	26,941,564	11,340,302
Total comprehensive income		-	-	-	(26,941,564)	11,340,302	-	-	1,343,417,809	1,327,816,547
Transaction with equity holders										
Dividends relating to 2008 paid	28	-	-	-	-	-	-	-	(200,000,000)	(200,000,000)
Total transaction with equity holders		-	-	-	-	-	-	-	(200,000,000)	(200,000,000)
Balance as at 31 December 2009		1,000,000,000	1,123,800,000	-	605,519,819	(5,555,180)	-	100,000,000	1,674,377,363	4,498,142,002

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

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2010

		<u>Group</u>		<u>Company</u>	
	Note	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Cash flows from operating activities					
Profit before income tax		4,113,166,314	2,621,094,758	2,452,765,085	1,470,457,985
Adjustments for:					
(Gain)/loss on unrealised foreign currency translation		(462,736,539)	(99,927,459)	23,223,130	(150,375,649)
Unrealised (gain)/loss from revaluation of derivative financial instruments		79,717,270	(271,449,938)	(39,414,130)	(26,820,207)
(Reversal of)/allowance for impairment of trade receivables and write-off		(36,441,260)	26,662,282	(389,027)	(945,265)
Reversal of allowance for inventory cost in excess of net realisable value	10	(953,235)	(683,559,867)	-	(425,770,954)
Provision for post employment benefit obligations	20	15,750,990	7,764,131	4,281,939	3,624,359
Depreciation	15	365,979,363	341,869,986	176,275,533	198,175,370
Amortisation	16	5,988,056	8,040,998	2,662,813	2,729,186
Finance costs	25	397,660,146	172,466,811	239,203,958	200,389,772
Dividend income		(17,597,956)	(637,936)	(355,580,872)	(539,121,715)
Loss on disposal of available-for-sale financial assets		-	86,100	-	86,100
Share of profit from associates and a joint venture	13	(702,833,127)	(745,956,797)	-	-
Loss/(gain) on disposal of property, plant and equipment and intangible assets		6,720,587	3,200,104	1,918,684	(471,013)
Profit before changes in operating assets and liabilities		3,764,420,609	1,379,653,173	2,504,947,113	731,957,969
Changes in operating assets and liabilities:					
Decrease/(increase) in operating assets					
- Trade receivables		(1,534,539,582)	(1,443,114,649)	(882,609,560)	185,337,633
- Amounts due from futures brokers - an associate		176,111,965	11,618,671	(102,646,722)	183,084,116
- Inventories		(10,108,240,868)	(5,057,051,555)	(3,819,340,771)	(4,490,429,119)
- Other current assets		(428,515,354)	33,518,371	(199,022,977)	(72,899,999)
- Other non-current assets		(25,827,563)	36,687,465	(2,756,122)	56,917,071
Increase/(decrease) in operating liabilities					
- Trade payables		978,735,626	981,980,414	355,836,692	436,830,612
- Accrued expenses		89,236,338	60,163,226	17,685,256	44,744,803
- Other current liabilities		234,763,562	56,509,838	5,838,841	25,266,323
Cash used in operations		(6,853,855,267)	(3,940,035,046)	(2,122,068,250)	(2,899,190,591)
Interest paid		(390,182,248)	(328,012,012)	(235,644,557)	(196,711,285)
Income tax paid		(284,864,571)	(109,964,285)	(69,450,881)	(27,704,948)
Net cash used in operating activities		(7,528,902,086)	(4,378,011,343)	(2,427,163,688)	(3,123,606,824)

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

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2010

		Group		Company	
	Note	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Cash flows from investing activities					
Increase in fixed deposits at financial institutions		261,023	(6,445)	261,023	(6,445)
Increase in fixed deposits pledged as collateral		(41,956,721)	(26,981,912)	(82,169)	(556,281)
Purchases of available-for-sale financial assets		(30,000)	-	-	-
Additional investments in subsidiaries		-	-	(454,650,140)	(575,000,228)
Dividends received		748,955,456	270,272,466	670,580,872	224,121,716
Proceeds from disposal of available-for-sale financial assets		-	1,487,500	-	1,487,500
Proceeds from associate's capital reduction		19,125,000	-	16,875,000	-
Proceeds from disposal of property, plant and equipment and intangible assets		37,512,163	16,535,746	32,532,876	5,896,269
Purchases of intangible assets		(13,486,945)	(6,761,388)	(8,203,468)	(110,943)
Purchases of property, plant and equipment		(1,383,763,899)	(788,899,450)	(179,898,179)	(117,274,352)
Net cash (used in)/provided by investing activities		(633,383,923)	(534,353,483)	77,415,815	(461,442,764)
Cash flows from financing activities					
Increase in short-term loans from financial institutions		8,163,500,477	3,933,554,441	2,052,995,000	2,827,693,452
Proceeds from long-term loans		1,609,600,000	1,520,000,000	1,200,000,000	1,483,250,000
Arrangement fees for obtaining new loan		-	(16,750,000)	-	-
Repayments of long-term loans		(192,415,267)	(420,699,947)	(93,750,000)	(312,000,000)
Dividends paid to owners of the parent		(600,000,000)	(200,000,000)	(600,000,000)	(200,000,000)
Dividends paid to minority interest		(7,962,750)	-	-	-
Proceeds from issuance of ordinary shares to minority shareholders of a subsidiary		-	2,680,190	-	-
Payments on finance lease liabilities		(16,840,277)	(13,152,345)	(6,637,345)	(5,616,360)
Net cash provided by financing activities		8,955,882,183	4,805,632,339	2,552,607,655	3,793,327,092
Net increase /(decrease) in cash and cash equivalents		793,596,174	(106,732,487)	202,859,782	208,277,504
Cash and cash equivalents at beginning of year		980,366,076	1,087,098,563	483,984,305	275,706,801
Cash and cash equivalents at end of year		1,773,962,250	980,366,076	686,844,087	483,984,305
Non-cash transaction:					
Increase in liabilities under finance lease contracts		(29,374,610)	(3,471,540)	(20,064,200)	-

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

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

1 General information

Sri Trang Agro-Industry Public Company Limited (the “Company”) is a public limited company listed on the Stock Exchange of Thailand since 1991 and is incorporated and domiciled in Thailand. The Company is also listed on the Singapore Exchange since 31 January 2011. The address of its registered office is 10 Soi 10, Phetkasem Road, Hadyai, Songkhla.

The Company and its subsidiaries (together the “Group”) produce, manufacture and distribute natural rubber products such as ribbed smoked sheets, concentrated latex and STR block rubber.

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

Details of the Group’s subsidiaries, associates and a joint venture are as follows:

Name of Company	Countries	Activities	% of ownership	
			2010	2009
Subsidiaries				
Sri Trang International Pte Ltd.	Singapore	Distribution of rubber products	100.00	100.00
Sri Trang USA, Inc.	USA	Distribution of rubber products	100.00	100.00
PT Sri Trang Lingga Indonesia	Indonesia	Manufacture of SIR rubber	90.00	90.00
Anvar Parawood Co., Ltd.	Thailand	Manufacture of parawood	99.94	99.94
Rubberland Products Co., Ltd.	Thailand	Manufacture of latex	99.99	99.99
Numhua Rubber Co., Ltd.	Thailand	Manufacture of rubber products	99.99	99.99
Sadao P.S. Rubber Co., Ltd.	Thailand	Manufacture of rubber products	99.99	99.99
Startex Rubber Co., Ltd.	Thailand	Rubber plantation	99.99	99.99
Premier System Engineering Co., Ltd.	Thailand	Provision of engineering services	99.99	99.99
Starlight Express Transport Co., Ltd.	Thailand	Provision of logistics services	99.99	99.99
Sri Trang Rubber & Plantation Co., Ltd.	Thailand	Rubber plantation	99.99	99.99
Shi Dong Shanghai Rubber Co., Ltd.	China	Distribution of rubber products	100.00	-
Indirect subsidiaries				
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Singapore	Investment holding	100.00	100.00
P.T. Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Indonesia	Manufacture of SIR rubber	99.00	99.00
Associates				
Siam Sempermed Co., Ltd.	Thailand	Manufacture of medical gloves	40.23	40.23
Semperflex Asia Co., Ltd.	Thailand	Manufacture of hydraulic hose	42.50	42.50
Semperform Pacific Co., Ltd.	Thailand	Manufacture of moulded parts	42.50	42.50
Sempermed USA Inc.	USA	Sale of medical gloves	45.12	45.12
Pattana Agro Futures Co., Ltd.	Thailand	Futures broker	40.00	40.00
Semperflex Shanghai Co., Ltd.	China	Manufacture of hydraulic hose	50.00	50.00
Sempermed Singapore Pte Ltd.	Singapore	Investment holding	50.00	50.00

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

1 General information (continued)

Name of Company	Countries	Activities	% of ownership	
			2010	2009
Indirect associates				
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Brazil	Sale of medical gloves	40.23	40.23
Shanghai Foremost Plastic Industrial Company Limited. (Held by Siam Sempermed Co., Ltd.)	China	Manufacture of medical gloves	50.00	50.00
Joint venture				
Thaitech Rubber Corporation Ltd.	Thailand	Manufacture of STR rubber	33.50	33.50

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2010

On 1 January 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except as disclosed below:

- (a) FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

Please refer to note 2.2(a)(ii) for the revised accounting policy on business combinations. There were no business combinations in the current financial year. Accordingly, the changes do not have any impact on the financial statements for the current financial year.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

- (b) FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

The revisions to FRS 27 principally change the accounting for transactions with non-controlling interests. Please refer to Notes 2.2(a)(iii) for the revised accounting policy on changes in ownership interest that results in a loss of control and 2.2(b) for that on changes in ownership interests that do not result in loss of control. There were no changes to ownership interests in subsidiaries in the current financial year. Accordingly, the changes do not have any impact on the financial statements for the current financial year.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

2.2 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.2 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

The Company applies the predecessor value method for business combination acquired under common control. Excess of consideration paid compared to book values of the business acquired is recorded as a separate item and presented in equity.

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.2 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisition of businesses* (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals of subsidiaries or businesses*

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.2 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.2 Group accounting (continued)

(c) *Associated companies* (continued)

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in profit or loss.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph “Investments in subsidiaries, joint ventures and associated companies” for the accounting policy on investments in associated companies in the separate financial statements of the Company.

(d) *Joint ventures*

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph “Investments in subsidiaries, joint ventures and associated companies” for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2011 or later periods and which the Group has not early adopted:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)
- Amendments to FRS 32 Financial Instruments: Presentation – Classification of rights issues (effective for annual periods beginning on or after 1 February 2010)
- Amendments to INT FRS 114 – Prepayments of a minimum funding requirement (effective for annual periods commencing on or after 1 January 2011)
- INT FRS 119 Extinguishing financial liabilities with equity instruments (effective for annual periods commencing on or after 1 July 2010)
FRS 8(30)(a)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the amendments to FRS 24 – related party disclosures.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. However, the revised definition of a related party will mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

2.3 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director that makes strategic decisions.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Thai Baht ("Baht"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currencies (currencies other than the functional currency) transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'finance costs'. All other foreign exchange gains and losses are presented in the statement comprehensive income within 'gain/(loss) on exchange rates'.

(c) Translation of Group entities' financial statements

The results and financial positions of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the cumulative translation adjustments as a separate component of equity.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.5 Property, plant and equipment

Land and buildings are initially recognised at cost. Land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by an independent professional valuer whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in the carrying values arising from revaluations are credited to the revaluation reserve. Decreases in the carrying values arising from revaluations are first offset against increases from earlier revaluations in respect of the same assets and are thereafter charged to the consolidated statement of comprehensive income. All other decreases in carrying values are charged to the consolidated statement of comprehensive income. Any subsequent increases are credited to the consolidated statement of comprehensive income up to the respective amounts previously charged.

Revaluation surpluses realised through the depreciation or disposal of revalued assets are retained in the revaluation reserve and will not be available for offsetting against future revaluation losses.

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including borrowing costs incurred for the property under development.

Land and assets under construction or installation are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, as follows:

Land improvement	5 - 30 years
Buildings and structures	20 - 40 years
Machinery and equipment	5 - 10 years
Vehicles	5 years
Fixtures and office equipment	5 years

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each statement of financial position.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use (Note 2.8). Other borrowing costs are expensed.

2.6 Investment properties

Investment properties include land and building which are held for long-term rental yields and/or for capital appreciation and/or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined by an independent professional valuer. Changes in fair values are recognised in the statement of comprehensive income.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.7 Intangible assets

Computer software

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the statement of comprehensive income using the straight-line method over their estimated useful lives of five years.

2.8 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties. The actual borrowing costs incurred during the period less any investment income on temporary investments of these borrowings, are capitalised in the cost of the property under development.

2.9 Impairment of non-financial assets

Property, plant and equipment, intangible assets and investments in associates and a joint venture

Property, plant and equipment, intangible assets and investments in associates and a joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease (Note 2.5).

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the statement of comprehensive income, a reversal of that impairment is also recognised in the statement of comprehensive income.

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Financial assets, at fair value through profit and loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of statement of financial position.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.10 Financial assets (continued)

(a) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of statement of financial position which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables” and “cash and cash equivalents” on the statement of financial position.

(iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group’s management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the end of statement of financial position which are presented as current assets.

(iv) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the statement of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is transferred to the statement of comprehensive income.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.10 Financial assets (continued)

(b) Recognition and derecognition (continued)

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as bills payable under short term loan from financial institutions.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised immediately in the statement of comprehensive income.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividend, are recognised in the statement of comprehensive income when the changes arise.

Interest and dividend income on financial assets, available-for-sale are recognised separately in the statement of comprehensive income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the statement of comprehensive income and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences in equity.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.10 Financial assets (continued)

(e) *Impairment*

The Group assesses at the end of each statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables / Financial assets - held to maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

The allowance for impairment loss account is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to the statement of comprehensive income. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the date of statement of financial position. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Minor spare parts and servicing equipment are typically carried as inventory and recognised in the statement of comprehensive income as consumed.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 2.10).

2.15 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of statement of financial position.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.19 Derivative financial instruments

Derivative financial instruments comprise rubber forward contracts made with traders, rubber futures contracts, interest rate swaps and forward foreign exchange contracts.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value and the resultant gains and losses are recognised in the statement of comprehensive income. Fair value is determined based on quoted market prices at the date of the statement of financial position.

Derivative financial instruments are reported in the financial statements on a net basis where legal right of setoff exists. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.20 Current and deferred income tax (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee compensation

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Post employment benefit obligations*

Post employment benefit obligations are a defined benefit plan that the employee will receive on retirement according to laws depending on age and years of service.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the present value of the defined benefit obligation at that date. These gains or losses are recognised on a straight-line basis over the expected average remaining working lives of the employees.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the statement of comprehensive income as finance costs.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of comprehensive income when the changes arise.

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related costs can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Sales of goods

The Group manufactures and sells a range of natural rubber products. Sales of goods are recognised when a group entity has delivered products to the customers and the collectability of the related receivable is reasonably assured.

(b) Rendering of service

Revenue from services is recognised when the services are rendered.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2 Significant accounting policies (continued)

2.24 Leases

When the Group is the lessee

The Group leases motor vehicles and certain office equipment under finance leases and land, motor vehicles and certain office equipment under operating leases from non-related parties.

(a) Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the statement of comprehensive income on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) Operating leases

Leases of land, motor vehicles and certain office equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessors) are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease.

2.25 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amounts often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance. The key line item affected will be "Property, plant and equipment" as disclosed in Note 15.

(b) Income taxes

The Group and Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group and Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The key line items affected will be "Deferred income tax" and "Income tax expense" as disclosed in Notes 17 and Note 26 respectively.

(c) Employee benefit

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group and Company determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The key line items affected will be "Post employment benefit obligations" and "Employee costs" as disclosed in Note 20 and Note 30 respectively.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under supervision by the management, who identifies, evaluates and hedges financial risks but does not apply hedge accounting.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from commercial transactions, net investment in foreign operations and borrowings. Management has managed their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from future commercial transactions and borrowings, entities in the Group use forward contracts. Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the Company's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

If Thai Baht had changed by 4% against the US dollar with all other variables held constant, post-tax profit for the year, and shareholders' equity would have been impacted as follows:

	<u>Group</u> 2010	2009 <u>Profit after tax</u>	<u>Company</u> 2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
THB against USD				
- Weakened	57,854	(31,227)	(104,854)	(83,252)
- Strengthened	(57,854)	31,227	104,854	83,252

	<u>Group</u> 2010	2009 <u>Shareholders' equity</u>	<u>Company</u> 2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
THB against USD				
- Weakened	(66,842)	(38,184)	-	-
- Strengthened	66,842	38,184	-	-

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale. Some of the Group's investments in equity securities are publicly traded in the Stock Exchange of Thailand. To manage its price risk arising from investments in equity, the Group diversifies its portfolio.

The table below summarises the impact of increases/decreases of the equity securities on the Group's and Company's equity. The analysis is based on the assumption that the price per share of the invested securities had increased/decreased by 21% (2009: 25%) with all other variables held constant and all the Group's and Company's available-for-sale equity instruments moved according to the historical correlation with the index:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Equity – unrealised gain/loss on available-for-sale financial assets	7,519	8,118	7,448	6,448

The Group is also exposed to commodity price risk from the natural rubber industry. The Group has managed the risks arising from price fluctuations by managing raw material sourcing. If the price of natural rubber increase/decrease by 10% with all other variables held constant, post-tax profit for the year will increase/decrease as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Profit and loss	414,472	186,799	10,086	-

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(iii) Cash flow and fair value interest rate risk

The Group's and Company's interest rate risk arises from borrowings. Borrowings which are issued at floating rates expose the Group and Company to cash flow interest rate risk. The Group and Company manages its cash flow interest rate risk by entering into interest rate swap contracts. If the interest rate increase/decreases by 0.5%, the post-tax profit for the year will increase/decrease as follows:

	<u>Group</u> 2010 Baht'000	2009 Baht'000	<u>Company</u> 2010 Baht'000	2009 Baht'000
Profit and loss	30,572	10,148	12,500	6,500

Borrowings which are issued at fixed rates expose the Group and Company to fair value interest rate risk. However, changes in market interest rates will not have an impact on the income statement as borrowings are accounted for on an amortised cost basis.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group and Company also assesses credit quality of banks, financial institutions, and customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk

The Group and Company monitor its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of the borrowing facilities.

The table below analyses the Group's and Company's maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date.

Group

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Baht'000	Baht'000	Baht'000	Baht'000
31 December 2010				
Short-term loans from financial institutions	20,512,862	-	-	-
Trade payables	2,538,527	-	-	-
Long-term loans	751,942	2,311,696	2,682,259	-
Finance lease liabilities	18,840	12,657	11,447	-
Accrued expenses	247,160	-	-	-
Gross and net settled derivative financial instruments				
- Interest rate swaps	-	-	-	-
- Rubber futures (Buy)	612,506	-	-	-
- Rubber futures (Sell)	(661,774)	-	-	-
- Forward – (Baht against USD) payments	12,648,605	-	-	-
- Forward – (Baht against USD) receipts	(12,526,831)	-	-	-
- Forward – (IDR against USD) payments	284,969	-	-	-
- Forward – (IDR against USD) receipts	(300,063)	-	-	-
- Physical forward (Buy)	1,756,404	-	-	-
- Physical forward (Sell)	(1,114,042)	-	-	-
31 December 2009				
Short-term loans from financial institutions	12,309,873	-	-	-
Trade payables	1,544,790	-	-	-
Long-term loans	213,646	368,393	1,266,597	-
Finance lease liabilities	13,066	11,602	4,688	-
Accrued expenses	150,446	-	-	-
Gross and net settled derivative financial instruments				
- Interest rate swaps	13,843	-	-	-
- Rubber futures (Buy)	162,560	-	-	-
- Rubber futures (Sell)	(1,081,584)	-	-	-
- Forward – (Baht against USD) payments	6,047,511	-	-	-
- Forward – (Baht against USD) receipts	(6,011,671)	-	-	-
- Forward – (IDR against USD) payments	291,359	-	-	-
- Forward – (IDR against USD) receipts	(298,986)	-	-	-
- Physical forward (Buy)	345,768	-	-	-
- Physical forward (Sell)	(278,078)	-	-	-

The negative figures represent cash inflows and positive figures represent cash outflows.

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Company

	Less than 1 year Baht'000	Between 1 and 2 years Baht'000	Between 2 and 5 years Baht'000	Over 5 years Baht'000
31 December 2010				
Short-term loans from financial institutions	10,677,954	-	-	-
Trade payables	1,085,893	-	-	-
Long-term loans	589,748	-	2,323,795	-
Finance lease liabilities	11,540	5,667	8,504	-
Accrued expenses	119,976	-	-	-
Gross and net settled derivative financial instruments				
- Interest rate swaps	-	-	-	-
- Rubber futures (Buy)	-	-	-	-
- Rubber futures (Sell)	(100,864)	-	-	-
- Forward – (Baht against USD) payments	12,099,050	-	-	-
- Forward – (Baht against USD) receipts	(11,977,248)	-	-	-
- Forward – (IDR against USD) payments	-	-	-	-
- Forward – (IDR against USD) receipts	-	-	-	-
- Physical forward (Buy)	-	-	-	-
- Physical forward (Sell)	-	-	-	-
31 December 2009				
Short-term loans from financial institutions	8,620,411	-	-	-
Trade payables	720,875	-	-	-
Long-term loans	-	215,480	1,530,471	-
Finance lease liabilities	5,235	5,874	-	-
Accrued expenses	98,731	-	-	-
Gross and net settled derivative financial instruments				
- Interest rate swaps	5,235	5,875	-	-
- Rubber futures (Buy)	-	-	-	-
- Rubber futures (Sell)	-	-	-	-
- Forward – (Baht against USD) payments	5,235,947	-	-	-
- Forward – (Baht against USD) receipts	(5,204,770)	-	-	-
- Forward – (IDR against USD) payments	-	-	-	-
- Forward – (IDR against USD) receipts	-	-	-	-
- Physical forward (Buy)	-	-	-	-
- Physical forward (Sell)	-	-	-	-

The negative figures represent cash inflows and positive figures represent cash outflows.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4 Financial risk management (continued)

4.2 Capital risk management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management regards total equity as its capital. The Group and Company monitor capital on the basis of the net debt to total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities as shown in the consolidated statement of financial position less cash and cash equivalents. Total equity is as shown in the statement of financial position.

The net debt to total equity ratio at 31 December 2010 and 2009 were as follows:

	<u>Group</u>		<u>Company</u>	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Total liabilities	27,264,251	15,978,848	14,697,938	11,104,148
Less: Cash and cash equivalents	(1,773,962)	(980,366)	(686,844)	(483,984)
Net debt	25,490,289	14,998,482	14,011,094	10,620,164
Total equity	10,391,502	7,385,201	6,272,729	4,498,142
Net debt to total equity ratio	2.45	2.03	2.23	2.36

4.3 Fair value measurements

Assets and liabilities measured at fair value are classified by level of the following fair value measurement hierarchy:

- quoted prices in active markets for financial assets (Level 1)
- inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (Level 2).
- inputs for the assets or liabilities that are not based on observable market data. (Level 3)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4 Financial risk management (continued)

4.3 Fair value measurements (continued)

The following table presents the Group's and Company's assets and liabilities that are measured at fair value.

Group

	<u>Level 1</u> Baht'000	<u>Level 2</u> Baht'000	<u>Level 3</u> Baht'000	<u>Total</u> Baht'000
31 December 2010				
Available-for-sale financial assets				
- Equity securities	35,841	-	10,427	46,268
Financial assets at fair value through profit or loss				
- Trading derivatives	-	490,782	-	490,782
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	493,488	-	493,488
31 December 2009				
Available-for-sale financial assets				
- Equity securities	26,272	-	10,427	36,699
Financial assets at fair value through profit or loss				
- Trading derivatives	-	126,965	-	126,965
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	49,953	-	49,953

Company

	<u>Level 1</u> Baht'000	<u>Level 2</u> Baht'000	<u>Level 3</u> Baht'000	<u>Total</u> Baht'000
31 December 2010				
Available-for-sale financial assets				
- Equity securities	34,679	-	10,427	45,106
Financial assets at fair value through profit or loss				
- Trading derivatives	-	98,248	-	98,248
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	65,410	-	65,410
31 December 2009				
Available-for-sale financial assets				
- Equity securities	25,793	-	10,427	36,220
Financial assets at fair value through profit or loss				
- Trading derivatives	-	13,725	-	13,725
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	20,301	-	20,301

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For the financial year ended 31 December 2010

4 Financial risk management (continued)

4.3 Fair value measurements (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of statement of financial position. A market is regarded as active if quoted prices are readily and regularly available. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity securities classified as available-for-sale.

The fair value of financial instruments that are not traded in active markets (interest rate swap, forward, option) is determined by using fair value obtained from financial institutions and using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable and fair value is readily available from financial institutions, the instrument is included in Level 2.

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

During the current financial year, there was no movement in those instruments included in Level 3 (2009: Baht 1,573 thousand and resulted in a loss on disposal amounting to Baht 86 thousand).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices
- Financial institution quotes for derivatives
- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Fair value of forward foreign exchange contracts is determined using forward exchange rate at the date of the statement of financial position, with the resulting value discounted back to present value.
- Fair value of option contracts is calculated by applying the option pricing model.
- Fair value of physical forward contracts is determined based on quoted market prices at the date of the statement of financial position.

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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5 Segment information

The chief operating decision maker has been identified as the Managing Director ("MD"). The MD reviews the Group's internal reporting regularly in order to assess the performance and allocate resources. The MD measures the business based on a measure of segment profit, which is derived on a basis that is consistent with the measurement of profit for the year in the consolidated statement of comprehensive income.

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

There are two reportable segments:

- (1) Natural Rubber Products – This segment is engaged in manufacturing, and selling and trading in ribbed smoked sheets, concentrated latex and block rubber. This segment also include manufacturing and selling of powdered and powder-free latex examination gloves, handrails escalator, injection-mould rubber and plastic part and high-pressure hydraulic hose.
- (2) Other business – Main service of this reportable segment is made for the Group with some services provided externally. This segment comprises logistic services, research and development in machinery/production process and IT services which are provided mainly to the Group.

The Group's two business segments operate in four main geographical areas. The basis of attributing revenue to each geographical area is the same. It is based on where the sales are made.

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5 Segment information (continued)

Breakdown of reportable segments by geography for the year ended 31 December 2010:

Group

	Natural Rubber Products					Other business	Intersegmental	
	Thailand	Indonesia	Singapore	USA	China	Thailand	Balances	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Segment revenue	55,132,328	9,018,961	29,226,344	5,632,972	11,153	1,661,708		- 100,683,466
Inter-segment revenue	(6,471,833)	(5,960,182)	(3,891,174)	(22,411)	(6,215)	(486,322)		-(16,838,137)
Revenue from external customers	48,660,495	3,058,779	25,335,170	5,610,561	4,938	1,175,386		- 83,845,329
Depreciation and amortisation	(259,924)	(83,204)	(4,642)	(632)	(47)	(23,518)		- (371,967)
Finance income	3,241	896	1,511	49	37	426		- 6,160
Finance costs	(284,539)	(64,835)	(30,265)	(17,562)	-	(459)		- (397,660)
Share of profit from associates and a joint venture	702,833	-	-	-	-	-		- 702,833
Income tax expenses	(154,867)	(73,080)	18,566	(19,316)	(144)	(43,821)		- (272,662)
Profit for the year	3,558,553	211,108	333,909	29,972	2,366	95,088	(390,492)	3,840,504
Total assets	26,962,475	3,287,824	6,192,143	1,961,186	174,906	1,552,543	(2,475,324)	37,655,753

Breakdown of reportable segments by geography for the year ended 31 December 2009:

Group

	Natural Rubber Products				Other business	Intersegmental	
	Thailand	Indonesia	Singapore	USA	Thailand	Balances	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Segment revenue	29,086,421	3,196,685	17,868,109	2,818,903	1,294,344		54,264,462
Inter-segment revenue	(4,631,367)	(2,361,885)	(800,571)	(144,953)	(320,861)		(8,259,637)
Revenue from external customers	24,455,054	834,800	17,067,538	2,673,950	973,483		46,004,825
Depreciation and amortisation	(260,835)	(51,442)	(3,831)	(3,626)	(30,177)		(349,911)
Finance income	2,787	1,382	979	509	386		6,043
Finance costs	(231,895)	98,413	(16,387)	(21,383)	(1,215)		(172,467)
Share of profit from associates and a joint venture	745,957	-	-	-	-		745,957
Income tax expenses/ (credit)	(230,286)	(56,041)	9,039	(25,918)	(26,993)		(330,199)
Profit for the year	2,505,663	389,760	25,736	31,950	71,110	(733,323)	2,290,896
Total assets	17,004,942	1,522,218	2,969,517	1,160,894	706,478		23,364,049

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5 Segment information (continued)

Non-current assets (excluding financial instruments, deferred tax assets and withholding tax deducted at source)

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Thailand	4,380,154	3,515,238	2,167,091	2,163,283
Indonesia	856,208	744,453	-	-
Singapore	57,224	47,826	-	-
USA	1,763	858	-	-
China	6,107	-	-	-
Total	5,301,456	4,308,375	2,167,091	2,163,283

6 Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	81,397	8,919	28,107	4,010
Deposits held at call with banks	1,692,565	971,447	658,737	479,974
Total cash and cash equivalents	1,773,962	980,366	686,844	489,984

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
USD	631,459	278,896	11,019	141,529
IDR	57,619	44,514	-	-
JPY	76,657	-	-	-
SGD	11,711	4,525	-	-
RMB	8,310	-	-	-
THB	988,206	652,431	675,825	342,455
Total cash and cash equivalents	1,773,962	980,366	686,844	483,984

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7. Derivative financial instruments

Group

	2010		2009	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	Baht'000	Baht'000	Baht'000	Baht'000
Interest rate swaps	-	-	-	(10,117)
Forward foreign exchange contracts	100,455	(56,512)	19,055	(11,639)
Rubber futures	129,404	(150,697)	50,621	-
Physical forward contracts	260,923	(286,279)	57,289	(28,197)
Total derivative financial instruments	490,782	(493,488)	126,965	(49,953)

Company

	2010		2009	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	Baht'000	Baht'000	Baht'000	Baht'000
Interest rate swaps	-	-	-	(10,117)
Forward foreign exchange contracts	98,248	(50,974)	13,725	(10,184)
Rubber futures	-	(14,436)	-	-
Total derivative financial instruments	98,248	(65,410)	13,725	(20,301)

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Notional amount				
Interest rate swaps	-	1,100,000	-	1,100,000
Forward foreign exchange contracts	12,933,574	6,338,870	12,099,050	5,235,947
Rubber futures	1,274,279	1,244,144	100,864	-
Physical forward contracts	2,870,445	623,846	-	-

8 Trade receivables – other companies

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Trade receivables – other companies	5,643,110	4,089,423	2,964,143	1,903,173
Less: Allowance for impairment of trade receivables	(31,633)	(68,074)	(7,847)	(8,236)
Trade receivables– other companies - net	5,611,477	4,021,349	2,956,296	1,894,937

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8 Trade receivables – other companies (continued)

As at 31 December 2010, trade receivables of Baht 390,969 thousand (2009: Baht 440,273 thousand) were past due but not impaired. They relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Up to 3 months	389,298	436,408	280,921	174,350
3 to 12 months	51	263	51	220
More than a year	1,620	3,602	-	-
Total trade receivables- past due but not required	390,969	440,273	280,972	174,570

As at 31 December 2010, trade receivables of Baht 65,243 thousand (2009: Baht 68,074 thousand) were impaired and allowance was made. The aging of these receivables is as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Up to 3 months	39,025	6,810	-	-
3 to 12 months	953	33,058	-	-
More than a year	25,265	28,206	7,847	11,549
	65,243	68,074	7,847	11,549

The carrying amounts of the Group's and Company's trade receivables are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
USD	4,759,360	3,380,060	2,137,446	1,206,235
THB	883,750	709,363	826,697	696,938
Total trade receivables – other companies	5,643,110	4,089,423	2,964,143	1,903,173

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8 Trade receivables – other companies (continued)

Movements on the Group's allowance for impairment of trade receivables are as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
As at 1 January	68,074	41,412	8,236	9,181
Allowance for impairment of trade receivables	(2,140)	32,180	186	49
Written off during the year	(34,301)	(5,518)	(575)	(994)
As at 31 December	31,633	68,074	7,847	8,236

The creation and release of allowance for impairment of trade receivables have been included in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering any cash.

9. Related party transactions and balances

The following transactions were carried out with related parties:

(a) Sales of goods and services and other income

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Sales of goods:				
- Subsidiaries	-	-	2,276,290	2,699,988
- Associates	5,002,056	3,276,039	2,344,059	1,372,402
Sales of services:				
- Subsidiaries	-	-	22,370	10,382
- Associates	136,679	102,031	6,370	3,715
Dividend income:				
- Subsidiaries	-	-	71,665	-
- Associates	329,057	624,700	266,362	491,250
- A joint venture	-	47,236	-	47,235
Rental income:				
- Subsidiaries	-	-	-	6
- Associates	5,538	5,664	894	1,020
	5,473,330	4,055,670	4,988,010	4,625,998

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9 Related party transactions and balances (continued)

(b) Purchases of goods and services

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Purchases of goods:				
- Subsidiaries	-	-	4,191,735	1,206,140
- Associates	401,339	279,291	396,509	272,160
- A joint venture	6,269,563	2,971,771	-	-
Purchase of services:				
- Subsidiaries	-	-	311,553	258,995
- Associates	2,019	941	1,551	779
	6,672,921	3,252,003	4,901,348	1,738,074

(c) Key management compensation

Key management includes all directors. The compensation paid or payable to key management for employee services is shown below:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Salaries and other short-term employee benefits	66,894	49,529	24,199	26,833

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For the financial year ended 31 December 2010

9 Related party transactions and balances (continued)

- (d) Year-end balances arising from sales/purchase of goods/services and other income for the Group.

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Trade receivables:				
- Subsidiaries	-	-	635,777	812,970
- Associates	91,212	110,358	22,629	23,797
	91,212	110,358	658,406	836,767
Amounts due from futures brokers:				
- An associate	81,275	1,851	81,275	1,851
Other receivables – margins placed with futures brokers				
- An associate	2,772	1,680	2,772	1,680
Dividends receivable:				
- Associates	-	402,300	-	315,000
Advance payments for goods				
- Subsidiaries	-	-	-	83,273
Trade payables:				
- Subsidiaries	-	-	166,731	135,285
- Associates	77,852	50,811	76,992	50,270
- A joint venture	771,598	406,210	-	-
	849,450	457,021	243,723	185,555

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9 Related party transactions and balances (continued)

The carrying amounts of the Group's outstanding balances with related parties are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Trade receivables – related companies				
- USD		-	564,775	812,487
- THB	91,212	110,358	93,631	24,280
Total trade receivables – related companies	91,212	110,358	658,406	836,767
Amounts due from futures brokers				
- THB	81,275	1,851	81,275	1,851
Other receivables – margins placed with futures brokers				
- THB	2,772	1,680	2,772	1,680
Dividends receivable:				
- THB	-	402,300	-	315,000
Advance payments for goods				
- THB	-	-	-	83,273
Trade payables – related companies				
- USD	771,628	406,235	101,346	76,682
- THB	77,822	50,786	142,377	108,873
Total trade payables – related companies	849,450	457,021	243,723	185,555

The receivables from related parties arose mainly from sales transactions and are due approximately one month after the date of sales. The receivables are unsecured in nature and bear no interest. There is no allowance for impairment against receivables from related parties (2009: Nil).

The payables to related parties arose mainly from purchase transactions and are due approximately one month after the date of purchase. The payables bear no interest.

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10 Inventories

Group

	<u>At cost</u>		<u>Allowance for inventory cost in excess of net realisable value</u>		<u>Inventories, net</u>	
	2010	2009	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	10,715,753	5,322,286	-	-	10,715,743	5,322,286
Work-in-progress	2,749,258	1,102,755	-	-	2,749,258	1,102,755
Raw materials, vessel and chemicals	6,757,184	3,688,581	(3,531)	(4,484)	6,753,653	3,684,097
Spare parts and supplies	63,779	64,101	-	-	63,779	64,101
Total	20,285,974	10,177,723	(3,531)	(4,484)	20,282,433	10,173,239

Company

	<u>At cost</u>		<u>Allowance for inventory cost in excess of net realisable value</u>		<u>Inventories, net</u>	
	2010	2009	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	4,904,516	2,864,790	-	-	4,904,516	2,864,790
Work-in-progress	1,087,570	576,962	-	-	1,087,570	576,962
Raw materials, vessel and chemicals	4,488,554	3,217,241	-	-	4,488,554	3,217,241
Spare parts and supplies	24,364	26,670	-	-	24,364	26,670
Total	10,505,004	6,685,663	-	-	10,505,004	6,685,663

The cost of inventories recognised as expense and included in 'costs of sales and services' amounting to Baht 76,663,952 thousand (2009: Baht 40,750,539 thousand).

Inventories are carried at lower of cost and net realisable value. During 2010, the Group reversed allowance for inventory cost in excess of net realisable value amounted to Baht 953 thousand (2009: Baht 683,560 thousand) as a result of an improvement in the market prices of rubber. The amount reversed has been included in 'costs of sales and services' in the statement of comprehensive income.

Inventories of subsidiaries with net book value amounted to Baht 1,106 million (2009: Baht 1,106 million) were pledged as collateral for short-term loans from financial institutions and long-term loans as discussed in Note 18.

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11 Other current assets

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Advances for inventories	184,466	34,895	107,117	104,040
Prepaid expenses	323,028	78,367	225,831	40,933
Value added tax refundable	36,888	29,424	10,199	11,875
Accrued income	29,585	333	107	85
Other receivables – margins placed with futures brokers	22,556	23,972	2,772	1,680
Others	23,359	12,639	19,938	8,328
Total other current assets	619,882	179,630	365,964	166,941

12 Fixed deposits pledged as collateral

Fixed deposits amounting to Baht 125,444 thousand (2009: Baht 83,487 thousand) are pledged as collateral for short-term loan facilities with several financial institutions and for bank guarantees. The fixed deposits earn average interest rate of 0.1% to 3.5% per annum (2009: 0.2% to 2.9%).

The carrying amounts of the fixed deposits pledge as collateral are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
USD	88,853	47,039	-	-
THB	36,591	36,448	12,551	12,469
Total fixed deposits pledged as collateral	125,444	83,487	12,551	12,469

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13 Investments in subsidiaries, associates and interest in a joint venture

13.1 Investments in subsidiaries

Sri Trang Rubber & Plantation Co., Ltd.

During the financial year, the Company subscribed for additional shares in this subsidiary. The total subscription was Baht 300 million.

Shi Dong Shanghai Rubber Co., Ltd.

During the financial year, the Company subscribed for incorporation shares in this subsidiary. The total subscription was USD 5 million (approximately Baht 154.6 million).

13.2 Investments in associates

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Beginning of financial year	2,383,514	2,273,821	696,383	696,383
Capital reduction	(19,125)	-	(16,875)	-
Share of results	632,519	734,393	-	-
Dividends received/receivable	(329,058)	(624,700)	-	-
Cumulative translation adjustments	(52,428)	-	-	-
End of financial year	2,615,422	2,383,514	679,508	696,383

The following amounts represent the Group's share of the revenue and expenses and assets and liabilities of the associates for the year ended 31 December 2010.

	<u>Group</u>	
	2010	2009
	Baht'000	Baht'000
Revenues	6,875,607	5,741,330
Expenses	(6,243,088)	(5,006,937)
Profit after tax	632,519	734,393
Total assets	3,723,747	3,922,783
Total liabilities	1,108,325	1,539,269
Net assets	2,615,422	2,383,514

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13 Investments in subsidiaries, associates and an interest in a joint venture

13.3 Investment in a joint venture

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Beginning of financial year	254,969	290,641	20,100	20,100
Share of results	70,314	11,564	-	-
Dividends received/receivable	-	(47,236)	-	-
End of financial year	325,283	254,969	20,100	20,100

The following amounts represent the Group's share of the revenue and expenses and assets and liabilities of the joint venture for the year ended 31 December 2010.

	<u>Group</u>	
	2010	2009
	Baht'000	Baht'000
Revenues	4,922,556	2,677,288
Expenses	(4,852,242)	(2,665,724)
Profit after tax	70,314	11,564
 Total assets	 1,652,994	 1,145,361
Total liabilities	1,327,711	890,392
Net assets	325,283	254,969

14 Available-for-sale financial assets

Movements in available-for-sale financial assets are as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
As at 1 January	36,699	25,149	36,220	24,791
Additions	30	-	-	-
Disposals	-	(1,573)	-	(1,573)
Net gains from change in fair value	9,539	13,123	8,886	13,002
As at 31 December	46,268	36,699	45,106	36,220

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14 Available-for-sale financial assets (continued)

Available-for-sale financial assets are analysed as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Listed equity securities	35,841	26,272	34,679	25,793
Unlisted equity securities	10,427	10,427	10,427	10,427
Total available-for-sale financial assets	46,268	36,699	45,106	36,220

Listed equity securities

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Listed equity securities at cost	32,503	32,472	32,162	32,162
Cumulative net losses from change in fair value	3,338	(6,200)	2,517	(6,369)
Listed equity securities at fair value	35,841	26,272	34,679	25,793

The table below shows deferred income tax impact on unrealised gains (losses) on available-for-sale financial assets.

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Cumulative net gains (losses) from change in fair value	3,338	(6,200)	2,516	(6,369)
Effect on deferred income tax	(315)	829	(286)	814
Effect on rounding	-	(2)	-	-
Cumulative net gains (losses) from change in fair value, net of tax	3,023	(5,373)	2,230	(5,555)

Unlisted equity securities

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Unlisted equity securities at cost	10,427	10,427	10,427	10,427

The Directors are of the opinion that the cost of the unlisted equity securities remains the best estimate of the fair value unless the investment is impaired.

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15 Property, plant and equipment

Group

	<u>Revaluation basis</u>		<u>Cost basis</u>				
	<u>Land and land improvement</u> Baht'000	<u>Buildings and structures</u> Baht'000	<u>Machinery and equipment</u> Baht'000	<u>Vehicles</u> Baht'000	<u>Fixtures and office equipment</u> Baht'000	<u>Assets under construction and installation</u> Baht'000	<u>Total</u> Baht'000
As at 1 January 2010							
Cost	1,032,506	1,269,661	2,093,164	443,392	187,378	307,631	5,333,732
Add: Surplus on assets revaluation	554,341	503,648	-	-	-	-	1,057,989
Less: Cumulative loss from revaluation	(98,963)	(22,384)	-	-	-	-	(121,347)
Less: Accumulated depreciation	(111,880)	(193,646)	(1,201,437)	(358,635)	(151,900)	-	(2,017,498)
Less: Allowance for impairment of assets	-	-	(7,541)	-	-	-	(7,541)
Net book amount	1,376,004	1,557,279	884,186	84,757	35,478	307,631	4,245,335
For the year ended 31 December 2010							
Opening net book amount	1,376,004	1,557,279	884,186	84,757	35,478	307,631	4,245,335
Additions	328,713	12,774	39,613	39,085	12,398	991,140	1,423,723
Transfer in/(out)	88,661	282,214	399,722	20,413	4,582	(795,592)	-
Disposals	(1,494)	(320)	(7,479)	(109)	(78)	(30,330)	(39,810)
Depreciation	(31,423)	(90,819)	(198,426)	(28,225)	(17,086)	-	(365,979)
Translation adjustments	(2,826)	(18,232)	(21,408)	(3,160)	3,097	(7,370)	(49,899)
Closing net book amount	1,757,635	1,742,896	1,096,208	112,761	38,391	465,479	5,213,370
As at 31 December 2010							
Cost	1,443,683	1,542,634	2,399,349	491,319	200,241	465,479	6,542,705
Add: Surplus on assets revaluation	554,341	503,648	-	-	-	-	1,057,989
Less: Cumulative loss from revaluation	(98,943)	(22,384)	-	-	-	-	(121,327)
Less: Accumulated depreciation	(141,446)	(281,002)	(1,295,600)	(378,558)	(161,850)	-	(2,258,456)
Less: Allowance for impairment of assets	-	-	(7,541)	-	-	-	(7,541)
Net book amount	1,757,635	1,742,896	1,096,208	112,761	38,391	465,479	5,213,370

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15 Property, plant and equipment (continued)

Group

	<u>Revaluation basis</u>		<u>Cost basis</u>				
	<u>Land and land improvement</u> Baht'000	<u>Buildings and structures</u> Baht'000	<u>Machinery and equipment</u> Baht'000	<u>Vehicles</u> Baht'000	<u>Fixtures and office equipment</u> Baht'000	<u>Assets under construction and installation</u> Baht'000	<u>Total</u> Baht'000
As at 1 January 2009							
Cost	937,436	1,019,983	1,736,245	431,856	185,936	239,461	4,550,917
Add: Surplus on assets revaluation	554,341	503,648	-	-	-	-	1,057,989
Less: Cumulative loss from revaluation	(98,963)	(22,384)	-	-	-	-	(121,347)
Less: Accumulated depreciation	(79,646)	(108,186)	(1,050,108)	(342,494)	(136,649)	-	(1,717,083)
Less: Allowance for impairment of assets	-	-	(7,541)	-	-	-	(7,541)
Net book amount	1,313,168	1,393,061	678,596	89,362	49,287	239,461	3,762,935
For the year ended 31 December 2009							
Opening net book amount	1,313,168	1,393,061	678,596	89,362	49,287	239,461	3,762,935
Additions	72,757	69,325	215,843	32,269	7,396	394,781	792,371
Transfer in/(out)	18,729	155,789	148,367	429	1,417	(324,731)	-
Disposals	-	(29)	(1,108)	(4,385)	(109)	(8,034)	(13,665)
Depreciation	(32,234)	(82,227)	(174,621)	(33,894)	(18,894)	-	(341,870)
Translation adjustments	3,584	21,360	17,109	976	(3,619)	6,154	45,564
Closing net book amount	1,376,004	1,557,279	884,186	84,757	35,478	307,631	4,245,335
As at 31 December 2009							
Cost	1,032,506	1,269,661	2,093,164	443,392	187,378	307,631	5,333,732
Add: Surplus on assets revaluation	554,341	503,648	-	-	-	-	1,057,989
Less: Cumulative loss from revaluation	(98,963)	(22,384)	-	-	-	-	(121,347)
Less: Accumulated depreciation	(111,880)	(193,646)	(1,201,437)	(358,635)	(151,900)	-	(2,017,498)
Less: Allowance for impairment of assets	-	-	(7,541)	-	-	-	(7,541)
Net book amount	1,376,004	1,557,279	884,186	84,757	35,478	307,631	4,245,335

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15 Property, plant and equipment (continued)

Company

	Revaluation basis		Cost basis				
	Land and land improvement Baht'000	Buildings and structures Baht'000	Machinery and equipment Baht'000	Vehicles Baht'000	Fixtures and office equipment Baht'000	Assets under construction and installation Baht'000	Total Baht'000
As at 1 January 2010							
Cost	574,462	598,325	1,161,132	131,635	129,663	34,380	2,629,597
Add: Surplus on assets revaluation	396,843	342,742	-	-	-	-	739,585
Less: Cumulative loss from revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
Less: Accumulated depreciation	(76,634)	(104,016)	(739,245)	(115,058)	(105,177)	-	(1,140,130)
Less: Allowance for impairment of assets	-	-	(7,541)	-	-	-	(7,541)
Net book amount	821,035	821,286	414,346	16,577	24,486	34,380	2,132,110
For the year ended 31 December 2010							
Opening net book amount	821,035	821,286	414,346	16,577	24,486	34,380	2,132,110
Additions	44,160	773	13,808	12,118	2,581	135,703	209,143
Transfer in/(out)	2,180	29,224	23,632	-	1,079	(56,115)	-
Disposals	(1,378)	(36)	(5,934)	(109)	(52)	(26,942)	(34,451)
Depreciation	(21,403)	(47,534)	(90,096)	(7,750)	(9,493)	-	(176,276)
Closing net book amount	844,594	803,713	355,756	20,836	18,601	87,026	2,130,526
As at 31 December 2010							
Cost	617,704	628,055	1,105,619	138,658	125,462	87,026	2,702,524
Add: Surplus on assets revaluation	396,843	342,742	-	-	-	-	739,585
Less: Cumulative loss from revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
Less: Accumulated depreciation	(96,317)	(151,319)	(742,322)	(117,822)	(106,861)	-	(1,214,641)
Less: Allowance for impairment of assets	-	-	(7,541)	-	-	-	(7,541)
	844,594	803,713	355,756	20,836	18,601	87,026	2,130,526

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15 Property, plant and equipment (continued)

Company

	Revaluation basis		Cost basis				
	Land and land improvement Baht'000	Buildings and structures Baht'000	Machinery and equipment Baht'000	Vehicles Baht'000	Fixtures and office equipment Baht'000	Assets under construction and installation Baht'000	Total Baht'000
As at 1 January 2009							
Cost	558,696	520,711	1,107,870	133,603	125,841	105,799	2,552,520
Add: Surplus on assets revaluation	396,843	342,742	-	-	-	-	739,585
Less: Cumulative loss from revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
Less: Accumulated depreciation	(51,854)	(57,237)	(662,888)	(111,275)	(93,473)	-	(976,727)
Less: Allowance for impairment of assets	-	-	(7,541)	-	-	-	(7,541)
Net book amount	830,049	790,451	437,441	22,328	32,368	105,799	2,218,436
For the year ended 31 December 2009							
Opening net book amount	830,049	790,451	437,441	22,328	32,368	105,799	2,218,436
Additions	4,063	1,091	16,495	2,668	3,606	89,351	117,274
Transfer in/(out)	11,703	76,523	67,522	-	1,164	(156,912)	-
Disposals	-	-	(1,044)	(485)	(38)	(3,858)	(5,425)
Depreciation	(24,780)	(46,779)	(106,068)	(7,934)	(12,614)	-	(198,175)
Closing net book amount	821,035	821,286	414,346	16,577	24,486	34,380	2,132,110
As at 31 December 2009							
Cost	574,462	598,325	1,161,132	131,635	129,663	34,380	2,629,597
Add: Surplus on assets revaluation	396,843	342,742	-	-	-	-	739,585
Less: Cumulative loss from revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
Less: Accumulated depreciation	(76,634)	(104,016)	(739,245)	(115,058)	(105,177)	-	(1,140,130)
Less: Allowance for impairment of assets	-	-	(7,541)	-	-	-	(7,541)
Net book amount	821,035	821,286	414,346	16,577	24,486	34,380	2,132,110

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15 Property, plant and equipment (continued)

The Group's land, land improvement, buildings and their structures were valued by independent professional valuers using the market approach and the depreciated replacement cost approach.

The revaluation surplus can neither be offset against deficits nor be used for dividends payment.

The table below shows deferred income tax impact on revaluation surplus.

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Revaluation surplus	1,057,989	1,057,989	739,585	739,585
Less: Deferred income tax	(161,892)	(161,892)	(63,308)	(63,308)
Less: Accumulated depreciation on revaluation surplus	(94,248)	(57,636)	(57,735)	(43,795)
Add: Accumulated deferred income tax on depreciation of revaluation surplus	48,170	7,097	(7,914)	(26,962)
Revaluation surplus, net of accumulated depreciation and tax	850,019	845,558	610,628	605,520

The Group's depreciation expense of Baht 330 million (2009: Baht 307 million) has been charged in "costs of sales and services" and of Baht 36 million (2009: Baht 35 million) in "administrative expenses".

The Company's depreciation expense of Baht 158 million (2009: Baht 177 million) has been charged in "costs of sales and services" and of Baht 18 million (2009: Baht 21 million) in "administrative expenses".

If land, land improvement, buildings and their structures were stated on the historical cost basis, the amounts would be as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Cost	6,542,705	5,333,733	2,702,524	2,629,597
Less: Accumulated depreciation	(2,836,522)	(1,959,882)	(1,611,598)	(1,545,268)
Less: Allowance for impairment of assets	(7,541)	(7,541)	(7,541)	(7,541)
Net book amount	3,698,642	3,366,310	1,083,385	1,076,788

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15 Property, plant and equipment (continued)

Vehicles and fixtures and office equipment include the following amounts where the Group is a lessee under a finance lease:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Cost of assets acquired under finance leases	144,497	73,967	39,298	27,725
Less: Accumulated depreciation	(89,748)	(32,332)	(25,211)	(20,356)
Net book amount	54,749	41,635	14,087	7,369

The Group leases various vehicles and fixtures and office equipment under non-cancellable finance lease agreements. The lease terms are between 3 to 5 years, and ownership of the assets lies within the Group.

Certain land and structures thereon with net book value amounting of Baht 1,940 million (2009: Baht 1,331.3 million) were mortgaged as collateral for overdrafts and short-term loans from financial institutions and for long-term loans as discussed in Note 18.

16 Intangible assets

	<u>Group</u>		<u>Computer software</u> <u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
As at 1 January				
Cost	49,146	53,042	29,366	29,255
Less: Accumulated amortisation	(34,850)	(31,301)	(24,340)	(21,611)
Net book amount	14,296	21,741	5,026	7,644
For the year ended 31 December				
Opening net book amount	14,296	21,741	5,026	7,644
Additions	13,487	6,761	8,204	111
Disposals	(6)	(6,071)	-	-
Amortisation charge	(5,988)	(8,041)	(2,663)	(2,729)
Foreign currency translation adjustments	(89)	(94)	-	-
Closing net book amount	21,700	14,296	10,567	5,026
As at 31 December				
Cost	61,721	49,146	37,570	29,366
Less: Accumulated amortisation	(40,021)	(34,850)	(27,003)	(24,340)
Net book amount	21,700	14,296	10,567	5,026

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17 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred income tax assets:				
Deferred income tax assets to be recovered after more than 12 months	66,647	53,349	-	5,936
Deferred income tax assets to be recovered within 12 months	63,617	117,066	12,854	83,630
Total deferred income tax assets	130,264	170,415	12,854	89,566
Deferred income tax liabilities:				
Deferred income tax liabilities to be settled after more than 12 months	22,447	37,279	13,333	1,755
Deferred income tax liabilities to be settled within 12 months	115,956	155,028	58,317	90,270
Total deferred income tax liabilities	138,403	192,307	71,650	92,025
Deferred income tax - net	(8,139)	(21,892)	(58,796)	(2,459)

The gross movements on deferred income tax account are as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
As at 1 January	(21,892)	195,884	(2,459)	153,185
Credited/(charged) to profit or loss	20,144	(214,825)	(55,307)	(153,982)
Charged to other comprehensive income	(6,391)	(2,951)	(1,030)	(1,662)
As at 31 December	(8,139)	(21,892)	(58,796)	(2,459)

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17 Deferred income tax (continued)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Group

	Revaluation surplus Baht'000	Unrealised gain/(loss) on derivatives Baht'000	Others Baht'000	Total Baht'000
Deferred income tax liabilities:				
As at 1 January 2009	160,731	34,277	2,806	197,814
(Credited)/charged to profit or loss	(5,936)	2,574	(2,507)	(5,869)
Charged/(credited) to other comprehensive income	-	482	(120)	362
As at 31 December 2009	154,795	37,333	179	192,307
(Credited)/charged to profit or loss	(41,073)	(20,656)	11,268	(50,461)
(Credited)/charged to other comprehensive income	-	(3,551)	107	(3,444)
As at 31 December 2010	113,722	13,126	11,554	138,402

Company

	Revaluation surplus Baht'000	Unrealised gain on derivatives Baht'000	Others Baht'000	Total Baht'000
Deferred income tax liabilities:				
As at 1 January 2009	94,219	285	-	94,504
Charged/(credited) to profit or loss	(3,949)	1,470	-	(2,479)
As at 31 December 2009	90,270	1,755	-	92,025
Charged/(credited) to profit or loss	(31,953)	2,304	9,274	(20,375)
As at 31 December 2010	58,317	4,059	9,274	71,650

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17 Deferred income tax (continued)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows: (continued)

Group

	Tax losses carried <u>forward</u> Baht'000	Allowance for <u>inventories</u> Baht'000	Impairment <u>losses</u> Baht'000	Employee benefit <u>obligations</u> Baht'000	<u>Others</u> Baht'000	<u>Total</u> Baht'000
Deferred income tax assets:						
As at 1 January 2009	232,350	44,751	20,019	13,879	82,699	393,698
(Charged)/credited to profit or loss	(152,305)	(43,440)	1,144	1,816	(27,909)	(220,694)
Credited/(charged) to other comprehensive income	79	-	-	83	(2,751)	(2,589)
As at 31 December 2009	80,124	1,311	21,163	15,778	52,039	170,415
(Charged)/credited to profit or loss	(71,621)	-	(7,225)	733	47,797	(30,316)
Charged to other comprehensive income	(79)	-	-	(94)	(9,662)	(9,835)
As at 31 December 2010	8,424	1,311	13,938	16,417	90,174	130,264

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NOTES TO THE FINANCIAL STATEMENTS

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17 Deferred income tax (continued)

Company

	Tax losses carried forward Baht'000	Derivative Baht'000	Impairment losses Baht'000	Employee benefit obligations Baht'000	Others Baht'000	Total Baht'000
Deferred income tax assets:						
As at 1 January 2009	224,117	4,554	12,465	3,830	2,723	247,689
(Charged)/credited to profit or loss	(157,174)	(1,959)	(72)	463	2,281	(156,461)
Charged to other comprehensive income	-	-	-		(1,662)	(1,662)
As at 31 December 2009	66,943	2,595	12,393	4,293	3,342	89,566
Charged to profit or loss	(66,943)	(1,356)	(4,070)	(1,042)	(2,271)	(75,682)
Charged to other comprehensive income	-	-	-	-	(1,030)	(1,030)
As at 31 December 2010	-	1,239	8,323	3,251	41	12,854

Deferred income tax assets are recognised for all deferred income tax assets to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did not recognise deferred income tax assets of Baht 2.6 million for the year 2009 in respect of losses amounting to Baht 260.2 million that can be carried forward and utilised against future taxable income. Such losses carried has been fully utilised in 2010.

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18 Borrowings

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Non-current				
Long-term loans	2,226,050	1,578,130	2,031,250	1,406,250
Finance lease liabilities	22,927	15,339	13,531	5,375
	2,248,977	1,593,469	2,044,781	1,411,625
Current				
Loans for packing credit	3,023,338	1,774,950	3,001,338	1,497,450
Short-term loans	15,058,080	9,364,571	-	-
Bills payable	2,371,208	849,237	7,640,040	7,090,933
Total short-term loans from financial institutions	20,452,626	11,988,758	10,641,378	8,588,383
Finance lease liabilities	17,165	12,219	10,506	5,235
Current portion of long-term loans	597,610	206,216	575,000	93,750
	21,067,401	12,207,193	11,226,884	8,687,368
Total borrowings	23,316,378	13,800,662	13,271,665	10,098,993

Bills payable at the date of statement of financial position have an average maturity of 3 months (2009: 3 months) from the reporting date and have a weighted average effective interest rate of 1.53% per annum (2009: 1.53% per annum).

Bills payable relate to cash received from banks for trade receivables factoring.

(a) Bank borrowings

Bank borrowings (excluding bills payable) bear average interest rates of 1.09% to 11.5% per annum (2009: 2.65% to 6.75% per annum). Long-term loans do not mature until 2014.

As at 31 December 2010, the Group's facilities of overdrafts, loans for packing credit and short-term loans are guaranteed by land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries as described in Note 13, fixed deposits of a subsidiary amounted to Baht 22.4 million and certain of the Company's directors (no fee charged). According to a condition of the loan agreements, the Company and its two subsidiaries are not allowed to create any encumbrance on their assets, except for encumbrances created with the prior consent of the banks and permitted liens. In addition, the Company and the subsidiaries must comply with other conditions and restrictions stated in the loan agreements.

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18 Borrowings (continued)

(a) Bank borrowings (continued)

The exposure of the Group's and Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
No later than 1 year	21,050,236	12,194,974	11,216,378	8,682,133
Later than 1 year and no later than 5 years	2,226,050	1,578,130	2,031,250	1,406,250
	23,276,286	13,773,104	13,247,628	10,088,383

The carrying amounts of borrowings approximate their fair values.

Long-term loans of Baht 244.8 million outstanding as of 31 December 2010 was classified as a short-term loan, since this loan was not in full compliance with the terms of the underlying loan agreement. Subsequent to 31 December 2010, the counterparty bank has waived the non-compliance with the terms of the underlying loan agreement. Furthermore, the Group raised SGD 336 million on 31 January 2011 upon the Company's successful listing on the Singapore Exchange by issuing new shares of 280 million shares with an offering price of SGD 1.20 per share, as described in Note 34.

The carrying amounts of the Group's and Company's borrowings (excluding finance lease liabilities) are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
USD	5,527,877	2,121,452	-	-
IDR	569,771	52,255	-	-
THB	17,178,638	11,599,397	13,247,628	10,088,383
Total borrowings	23,276,286	13,773,104	13,247,628	10,088,383

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18 Borrowings (continued)

(b) Finance lease liabilities

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
No later than 1 year	18,840	13,066	11,540	5,471
Later than 1 year and no later than 5 years	24,103	16,290	14,171	5,639
	42,943	29,356	25,711	11,110
Future finance charges on finance leases	(2,851)	(1,798)	(1,674)	(500)
Present value of finance lease liabilities	40,092	27,558	24,037	10,610

The present value of finance lease liabilities is as follow:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
No later than 1 year	17,165	12,219	10,506	5,235
Later than 1 year and no later than 5 years	22,927	15,339	13,531	5,375
	40,092	27,558	24,037	10,610

19 Trade payables – other companies

The carrying amounts of the Group's trade payables – other companies are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
USD	626,508	397,641	10,302	2,259
IDR	13,589	4,186	-	-
THB	1,048,888	684,601	831,868	532,980
SGD	-	1,341	-	81
Others	93	-	-	-
Total trade payables – other companies	1,689,078	1,087,769	842,170	535,320

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20 Post-employment benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Present value of unfunded obligations	89,286	73,535	37,865	33,583

The movements in the defined benefit obligations over the year are as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
As at 1 January	73,535	65,771	33,583	29,959
Current service costs	13,732	6,158	2,961	2,912
Interest costs	2,972	1,935	1,321	893
Benefits paid	(953)	(329)	-	(181)
As at 31 December	89,286	73,535	37,865	33,583

The amounts recognised in the statement of comprehensive income are as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Current service costs	13,732	6,158	2,961	2,912
Interest costs	2,972	1,935	1,321	893
Total	16,704	8,093	4,282	3,805

Total amounts recognised in the statement of comprehensive income are included in "administrative expenses".

The principal actuarial assumptions used were as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Discount rate	4.70%	4.70%	4.70%	4.70%
Inflation rate	3.00%	3.00%	3.00%	3.00%
Future salary increases (monthly staff)	6.50%	6.50%	6.50%	6.50%
Future salary increases (daily staff)	3.00%	3.00%	3.00%	3.00%

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21 Share capital and premium on share capital

Group and Company

	Authorised number of <u>shares</u>	Share <u>Capital</u> Baht'000	Share <u>premium</u> Baht'000	<u>Total</u> Baht'000
As at 31 December 2009	200,000,000	1,000,000	1,123,800	2,123,800
As at 31 December 2010	1,280,000,000	1,000,000	1,123,800	2,123,800

At the Extraordinary General Shareholders' Meeting 1/2553 held on 28 June 2010, the shareholders approved a resolution to change the par value of the Company's share from Baht 5 per share to Baht 1 per share and to increase the authorised share capital by Baht 280,000,000 from Baht 1,000,000,000 to Baht 1,280,000,000 by the registration of additional 280,000,000 ordinary shares of Baht 1 each. The Company registered the increased share capital with the Ministry of Commerce on 29 June 2010.

As at 31 December 2010, the total authorised number of ordinary shares is 1,280,000,000 shares (2009: 200,000,000 shares) with a par value of Baht 1 per share (2009: Baht 5 per share).

22 Legal reserve

Under the provisions of the Limited Public Company Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficits brought forward (if any) as legal reserve until the reserve equal to 10% of authorised share capital. The reserve is not available for dividend distribution.

23 Retained earnings – unappropriated

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
As at 1 January	4,514,230	2,423,228	1,674,377	530,959
Profit for the year	3,819,626	2,256,087	2,366,732	1,316,476
Dividends paid (Note 28)	(600,000)	(200,000)	(600,000)	(200,000)
Depreciation of revaluation surplus	(4,460)	34,915	(5,109)	26,942
As at 31 December	7,729,396	4,514,230	3,436,000	1,674,377

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24 Other gain/(loss) – net

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Gain/(loss) from derivative financial instruments	(10,391)	(97,904)	103,544	(632)

25 Finance costs – net

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Interest income from bank deposits	2,890	5,394	874	1,374
Interest income from customers and brokers	3,270	649	1,882	873
Total finance income	6,160	6,043	2,756	2,247
Interest expenses on				
- Bank borrowings	445,854	328,040	238,463	199,474
- Finance lease liabilities	1,665	1,846	741	915
Net foreign exchange loss on financing activities	(49,859)	(157,419)	-	-
Total finance costs	397,660	172,467	239,204	200,389
Finance costs - net	391,500	166,424	236,448	198,142

26 Income tax expenses

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Current income tax:				
Current income tax on profit of the year	292,806	115,374	30,727	-
Deferred income tax:				
Origination and reversal of temporary differences	(20,144)	214,825	55,307	153,982
Income tax expense	272,662	330,199	86,034	153,982

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26 Income tax expenses (continued)

The taxes on the Group's and Company's profits before income tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	4,113,166	2,621,095	2,452,765	1,470,458
Tax calculated at domestic tax rates applicable to profits in the respective countries	480,221	595,057	179,785	245,898
Share of tax on profits of associates and a joint venture	(59,742)	(95,364)	-	-
Tax effect of:				
- Income not subject to tax	(34,786)	(51,005)	(22,959)	(69,930)
- (Reversal of) expenses not deductible for tax purpose	5,252	(941)	554	(743)
- Double deductible expenses	(9,827)	(15,938)	-	(9,286)
- Change in tax rate	(25,722)	(16,392)	(29,648)	(11,957)
- Tax at concessionary rate of 10% (note A)	(38,230)	(11,032)	-	-
- Utilisation of previously unrecognised tax losses	(40,387)	(73,031)	(27,788)	-
- Underprovision in prior year	-	4,573	-	-
- Others	(4,117)	(5,728)	(13,910)	-
Tax charge	272,662	330,199	86,034	153,982

Note A

On 11 May 2007, the Ministry of Trade and Industry of Singapore awarded the Global Trader Programme status to one of the subsidiaries for the period from 11 May 2007 to 31 December 2009. Under this programme, incomes derived from qualifying trading transactions of approved products are taxed at the concessionary rate of 10%. On 21 January 2010, this status was extended from 1 January 2010 to 31 December 2014.

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For the financial year ended 31 December 2010

26 Income tax expense (continued)

Note B

Certain subsidiaries in Thailand were granted tax incentives relating to the manufacturing of certain natural rubber products. The tax incentives include the following:

- (a) Exemption from payment of import duty on imported machinery and equipment.
- (b) Exemption from payment of income tax for the period of six years to eight years starting from the commencement date of the promoted business, and 50 percent reduced from the normal tax rate for the next five years after the period of six years are expired.
- (c) A deduction of an amount equal to five percent of the increased income of export sales over the previous year for ten years commencing the date of the promoted business.

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26 Income tax expense (continued)

The tax (charge)/credit relating to other comprehensive income are as follows:

Group

	<u>Before tax</u> Baht'000	<u>2010</u> <u>Tax charge</u> Baht'000	<u>After tax</u> Baht'000	<u>Before tax</u> Baht'000	<u>2009</u> <u>Tax charge</u> Baht'000	<u>After tax</u> Baht'000
Unrealised gain/(loss) on available-for-sale financial assets	9,538	(1,142)	8,396	13,123	(1,666)	11,457
Cumulative translation adjustments	(222,444)	(5,249)	(227,693)	(32,484)	(1,285)	(33,769)
Total tax charge relating to other comprehensive income	(212,906)	(6,391)	(219,297)	(19,361)	(2,951)	(22,312)

Company

	<u>Before tax</u> Baht'000	<u>2010</u> <u>Tax charge</u> Baht'000	<u>After tax</u> Baht'000	<u>Before tax</u> Baht'000	<u>2009</u> <u>Tax charge</u> Baht'000	<u>After tax</u> Baht'000
Unrealised gain/(loss) on available-for-sale financial assets	8,885	(1,030)	7,855	13,002	(1,662)	11,340

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27 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year after adjusting for the share split on 29 June 2010.

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
Profit attributable to equity holders of the parent (Baht'000)	3,819,627	2,256,088	2,366,732	1,316,476
Weighted average number of ordinary shares in issue during the year (Shares) after adjusting for share split	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Earnings per share (Baht)	3.82	2.26	2.37	1.32

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2010 and 2009.

28 Dividends

	<u>Group and Company</u>	
	2010	2009
	Baht'000	Baht'000
Ordinary dividends paid:		
Final dividends paid in respect of the previous financial year of Baht 3 (2009: Baht 1) per share (Note 23)	600,000	200,000

29 Expenses by nature

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Raw materials and consumable used	55,464,757	28,191,665	34,327,986	20,284,446
Allowance reversed for inventory cost in excess of net realisable value	-	(683,560)	-	(425,771)
Employee costs	755,163	646,355	338,118	314,007
Depreciation and amortisation	371,967	349,911	178,939	200,904
Transportation and distribution expense	818,241	776,182	522,074	437,143
Energy expense	480,679	412,534	246,424	237,538
CESS expense	800,286	470,380	684,056	410,555

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30 Employee costs

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Wages and salaries	676,663	585,393	314,366	294,041
Social security costs	16,729	15,712	9,275	7,621
Post-employment benefit expenses	16,704	8,093	4,282	3,805
Other employment benefits	45,067	37,157	10,195	8,540
	755,163	646,355	338,118	314,007

31 Financial instruments by category

Group

	31 December 2010			
	Loans and <u>receivables</u>	Assets at fair value through the profit and <u>loss</u>	Available- <u>for-sale</u>	<u>Total</u>
	Baht'000	Baht'000	Baht'000	Baht'000
Assets as per statement of financial position				
Available-for-sale financial assets	-	-	46,268	46,268
Derivative financial instruments	-	490,782	-	490,782
Trade receivables	5,702,688	-	-	5,702,688
Fixed deposits pledged as collateral	125,444	-	-	125,444
Cash and cash equivalents	1,773,962	-	-	1,773,962
Total	7,602,094	490,782	46,268	8,139,144
	Liabilities at fair value through the <u>profit and loss</u>	Other financial liabilities at <u>amortised cost</u>	<u>Total</u>	
	Baht'000	Baht'000	Baht'000	
Liabilities as per statement of financial position				
Short-term loans from financial institutions	-	20,452,626	20,452,626	
Current portion of long-term loans	-	597,610	597,610	
Current portion of finance lease liabilities	-	17,165	17,165	
Long-term loans	-	2,226,050	2,226,050	
Finance lease liabilities	-	22,927	22,927	
Derivative financial instruments	493,488	-	493,488	
Trade payables	-	2,538,528	2,538,528	
Total	493,488	25,854,905	26,384,394	

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31 Financial instruments by category (continued)

Company

31 December 2010				
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale Baht'000	Total Baht'000
Assets as per statement of financial position				
Available-for-sale financial assets	-	-	45,106	45,106
Derivative financial instruments	-	98,248	-	98,248
Trade receivables	3,614,702	-	-	3,614,702
Fixed deposits pledged as collateral	12,551	-	-	12,551
Cash and cash equivalents	686,844	-	-	686,844
Total	4,314,097	98,248	45,106	4,457,451
		Liabilities at fair value through the profit and loss Baht'000	Other financial liabilities at amortised cost Baht'000	Total Baht'000
Liabilities as per statement of financial position				
Short-term loans from financial institutions		-	10,641,378	10,641,378
Current portion of long-term loans		-	575,000	575,000
Current portion of finance lease liabilities		-	10,506	10,506
Long-term loans		-	2,031,250	2,031,250
Finance lease liabilities		-	13,531	13,531
Derivative financial instruments		65,410	-	65,410
Trade payables		-	1,085,893	1,085,893
Total		65,410	14,357,558	14,422,968

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31 Financial instruments by category (continued)

Group

	31 December 2009			
	Loans and receivables Baht'000	Assets at fair value through the profit and loss Baht'000	Available- for-sale Baht'000	Total Baht'000
Assets as per statement of financial position				
Available-for-sale financial assets	-	-	36,699	36,699
Derivative financial instruments	-	126,965	-	126,965
Trade receivables	4,131,707	-	-	4,131,707
Fixed deposits pledged as collateral	83,487	-	-	83,487
Cash and cash equivalents	980,366	-	-	980,366
Total	5,195,560	126,965	36,699	5,359,224

	Liabilities at fair value through the profit and loss Baht'000	Other financial liabilities at amortised cost Baht'000	Total Baht'000
Liabilities as per statement of financial position			
Short-term loans from financial institutions	-	11,988,758	11,988,758
Current portion of long-term loans	-	206,216	206,216
Current portion of finance lease liabilities	-	12,219	12,219
Long-term loans	-	1,578,130	1,578,130
Finance lease liabilities	-	15,339	15,339
Derivative financial instruments	49,953	-	49,953
Trade payables	-	1,544,790	1,544,790
Total	49,953	15,345,452	15,395,405

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31 Financial instruments by category (continued)

Company

31 December 2009				
	Assets at fair value through the profit and loss	Available- for-sale	<u>Total</u>	
	Loans and receivables Baht'000	Baht'000	Baht'000	Baht'000
Assets as per statement of financial position				
Available-for-sale financial assets	-	-	36,220	36,220
Derivative financial instruments	-	13,725	-	13,725
Trade receivables	2,731,703	-	-	2,731,703
Fixed deposits pledged as collateral	12,469	-	-	12,469
Cash and cash equivalents	483,984	-	-	483,984
Total	3,228,156	13,725	36,220	3,278,101
	Liabilities at fair value through the profit and loss	Other financial liabilities at amortised cost	<u>Total</u>	
	Baht'000	Baht'000	Baht'000	Baht'000
Liabilities as per statement of financial position				
Short-term loans from financial institutions	-	8,588,383	-	8,588,383
Current portion of long-term loans	-	93,750	-	93,750
Current portion of finance lease liabilities	-	5,235	-	5,235
Long-term loans	-	1,406,250	-	1,406,250
Finance lease liabilities	-	5,375	-	5,375
Derivative financial instruments	20,301	-	-	20,301
Trade payables	-	720,875	-	720,875
Total	20,301	10,819,868	-	10,840,169

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32 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
<u>Trade receivables</u>				
Counterparties without external credit rating				
Group 1	370,522	906,455	3,699	260,415
Group 2	5,329,912	3,188,544	2,975,226	2,464,078
Group 3	2,254	36,708	-	7,210
Total unimpaired trade receivables	5,702,688	4,131,707	2,978,925	2,731,703
<u>Deposits with financial institutions</u>				
AAA+	10,620	-	-	-
AAA	-	94,957	-	-
AA+	286,338	-	-	-
AA-	285,547	32,181	-	-
AA	217	-	217	217
A+	136	26,884	135	6,248
A1	147,648	-	-	-
A	21,543	282,433	11,019	241,387
BBB+	563,495	173,241	466,321	75,831
BBB	315,489	144,505	149,061	97,281
BBB-	32,808	127,101	30,105	43,538
BB+	1,926	2,639	-	2,531
B	322	-	-	-
C+	14,387	-	-	-
No rating	12,089	87,506	1,879	12,941
Total	1,692,565	971,447	658,737	479,974
<u>Derivative financial instruments</u>				
Counterparties with external credit rating				
A	56,876	15,080	56,223	9,815
BBB+	536	550	515	485
BBB	35,451	2,846	33,918	2,846
BBB-	243	579	243	579
BB+	7,349	-	7,349	-
Counterparties without external credit rating				
Group 2	390,327	107,910	-	-
Total	490,782	126,965	98,248	13,725

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32 Credit quality of financial assets (continued)

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
<u>Fixed deposit pledged as collateral</u>				
AAA	-	10,937	-	-
AA+	36,414	-	-	-
AA-	24,263	-	-	-
A+	-	7,614	-	-
A	28,176	28,488	-	-
BBB+	400	680	-	270
BBB-	-	13,460	-	12,199
BBB	36,191	-	12,551	-
No rating	-	22,308	-	-
Total	125,444	83,487	12,551	12,469

- Group 1 – new customers/ related parties (less than 6 months)
- Group 2 – existing customers/ related parties (more than 6 months) with no defaults in the past.
- Group 3 – existing customers/ related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Maintenance margins are held with high quality counterparties with no history of default. None of the financial assets that are fully performing has been renegotiated during the financial year.

33 Commitments

Operating lease commitments – where the Group is a lessee

The Group and Company lease vehicles and equipments from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	43,759	39,473	16,666	22,960
Over with 1 to 5 years	67,897	66,657	13,989	25,140
Over with 5 to 10 years	3,060	2,550	-	334
	114,716	108,680	30,655	48,434

**SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33 Commitments (continued)

Physical forward commitments

The Group and Company is committed to certain forward delivery contracts for which the contractual prices are fixed and will be settled at a future date. The values of those commitments are as follows:

Group

	2010		2009	
	Tonnage	Baht'000	Tonnage	Baht'000
Long				
From a joint venture	8,276	1,177,510	-	-
From third parties	78,657	11,035,214	34,588	3,087,270
	86,933	12,212,724	34,588	3,087,270
Short				
To associates	11,299	1,317,675	6,646	334,152
To third parties	135,656	17,641,730	80,700	6,778,455
	146,955	18,959,405	87,346	7,112,607

Company

	2010		2009	
	Tonnage	Baht'000	Tonnage	Baht'000
Short				
To associates	3,075	261,843	3,146	180,219
To third parties	49,213	6,420,293	60,152	5,091,635
	52,288	6,682,136	63,298	5,271,854

Commitment to guarantee loans of a joint venture and an associate

The Company has commitment to guarantee loans of Sri Trang USA, Inc., a subsidiary amounted to approximately Baht 301.02 million. (31 December 2009: Baht 499.8 million) (No fee charged).

The Company has commitment to guarantee loans of PT Sri Trang Lingga Indonesia, a subsidiary amounted to approximately Baht 1,783.90 million. (31 December 2009: Baht 366.5 million) (No fee charged).

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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33 Commitments (continued)

The Company has commitment to guarantee loans of P.T. Star Rubber, a subsidiary amounted to approximately Baht 587.94 million. (31 December 2009: Baht 116.3 million) (No fee charged).

The Company has commitment to guarantee loans of Sadao P.S. Rubber Co.,Ltd., a subsidiary amounted to approximately Baht 107.5 million. (31 December 2009: Baht 92.5 million) (No fee charged).

The Company has commitment to guarantee loans and credit facilities of Thai Tech Rubber Corporation Ltd., an associated company, limited to its percentage of holding amounted to approximately Baht 67.3 million. (31 December 2009: Baht 70.5 million) (No fee charged).

The Company has commitment to guarantee loans of Sempermed USA, Inc., an associated company in the USA, limited to its percentage of holding amounted to approximately Baht 60.20 million. (31 December 2009: Baht 66.6 million) (No fee charged).

The Group has contingent liabilities for bank guarantees issued in favor of government agency approximately Baht 28.6 million (31 December 2009: Baht 28.5 million) and pledged by fixed deposits of the Group amounted to approximately Baht 14.2 million. (31 December 2009: Baht 14.1 million).

Capital commitments

The Group has entered into various capital commitment contracts. Outstanding value of contracts as at 31 December 2010 is Baht 442 million.

34 Event occurring after balance sheet date

On 31 January 2011, the Company was successfully listed on the main board of the Singapore Exchange and 280,000,000 new shares were offered at an offer price of SGD 1.20 per share. The new shares raised SGD 336 million for the Company.