

———— **Annual Report** ————
2013

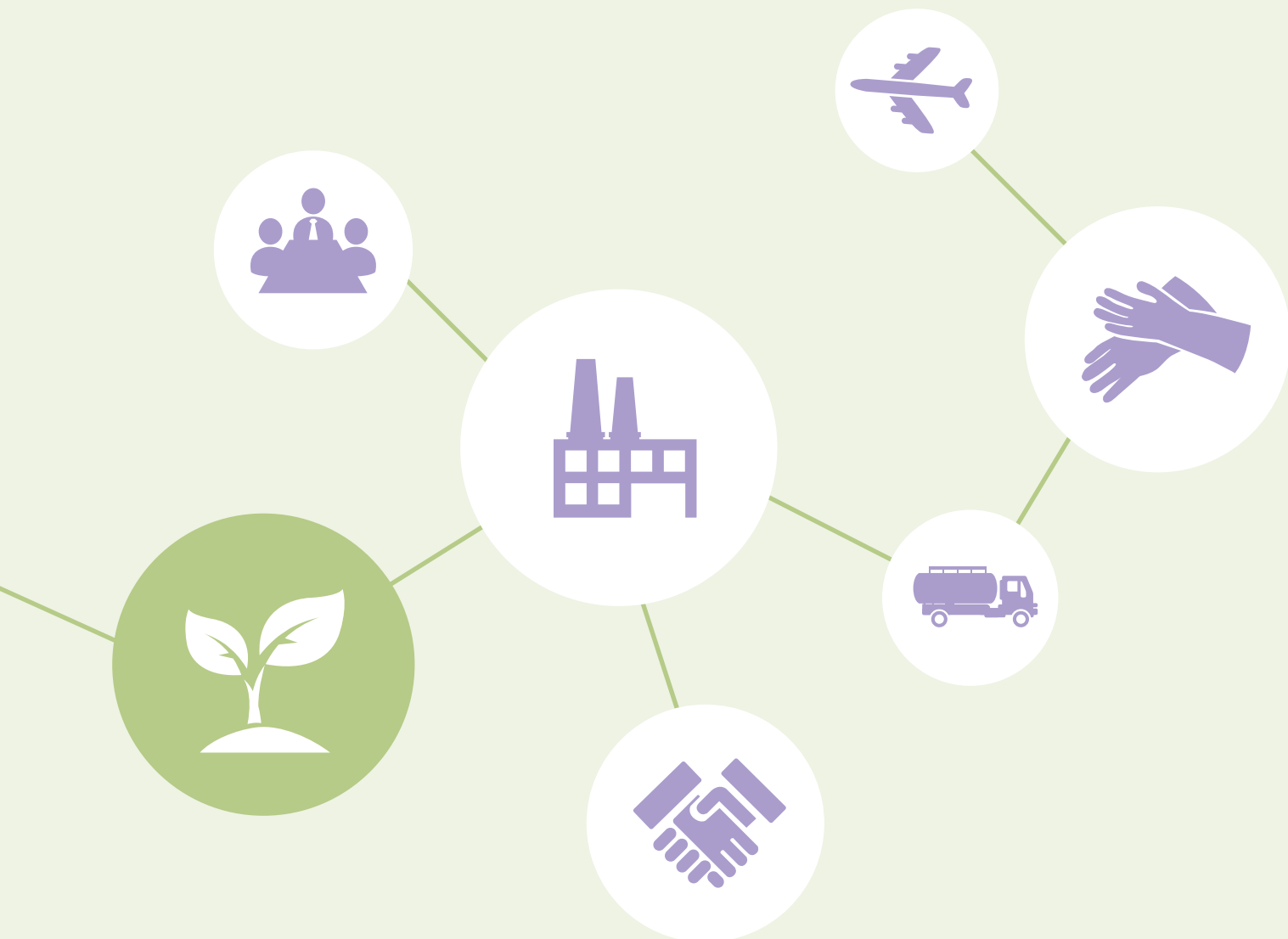
Sri Trang Agro-Industry Public Company Limited



———— SRI TRANG GROUP ————

GREEN RUBBER

MOVE FORWARD TO THE GREEN RUBBER COMPANY



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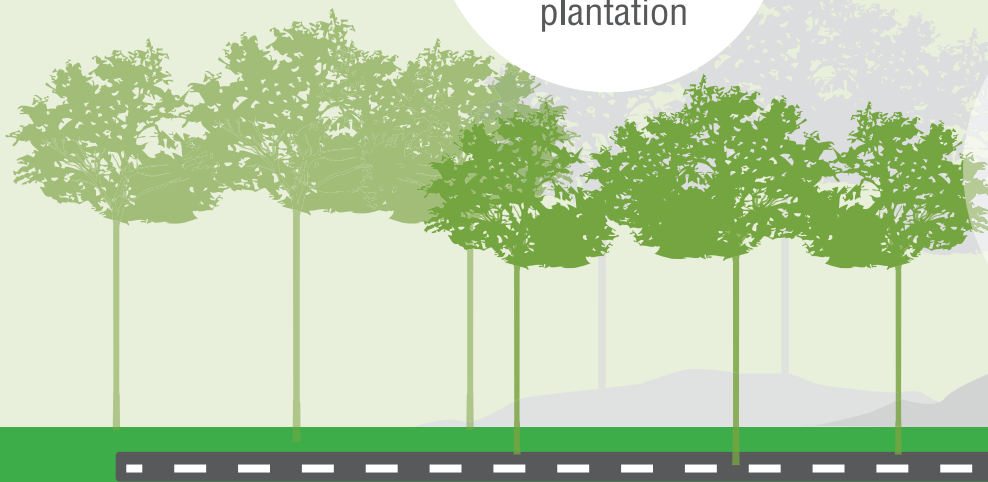
Total green process

from upstream through downstream

6,000 ha.
for rubber
plantation

64

procurement
units



World's Largest
Midstream Natural
Rubber Producer

Rubber Plantation

- Own 6,000 hectares for rubber plantation in 17 provinces of Thailand



Procurement

- 64 raw materials procurement centers in Thailand and Indonesia



1,300,000

tons
capacity of Natural Rubber
per annum

14

billion pieces
capacity of glove
production per annum



Processing

- 1,300,000 tons capacity per annum
- 23 processing facilities in Thailand and Indonesia
- Cover full range of products from RSS, TSR and Concentrated Latex



Sales & Distribution

- Established trading and distribution company in key strategic countries



Downstream Business

- 14 billion pieces capacity of glove production per annum
- Produce both latex and nitrile examination gloves





GREEN PLANTING

RUBBER PLANTATION

Meticulous care in every step of rubber trees planting

Land selection • Rubber sapling selection • Plantation management





GREEN MATERIAL

PROCUREMENT

Procure high quality of raw materials
in Thailand and Indonesia



GREEN PROCESS

MANUFACTURING



Produce international quality standard of products
from our environmental and community friendly production facilities





GREEN SUPPLY

GROUP

Transparency and equitable treatment
to all dealers and customers



GREEN COMPANY

SRI TRANG



Transparency in operation and attitude towards
sustainable natural rubber business development





— SRI TRANG GROUP — **GREEN RUBBER**

Move Forward to the Green Rubber Company

With over 25 years of our extensive experience and our commitment to sustainably developing natural rubber industry, we have initiated the concept of

“The Green Rubber Company”

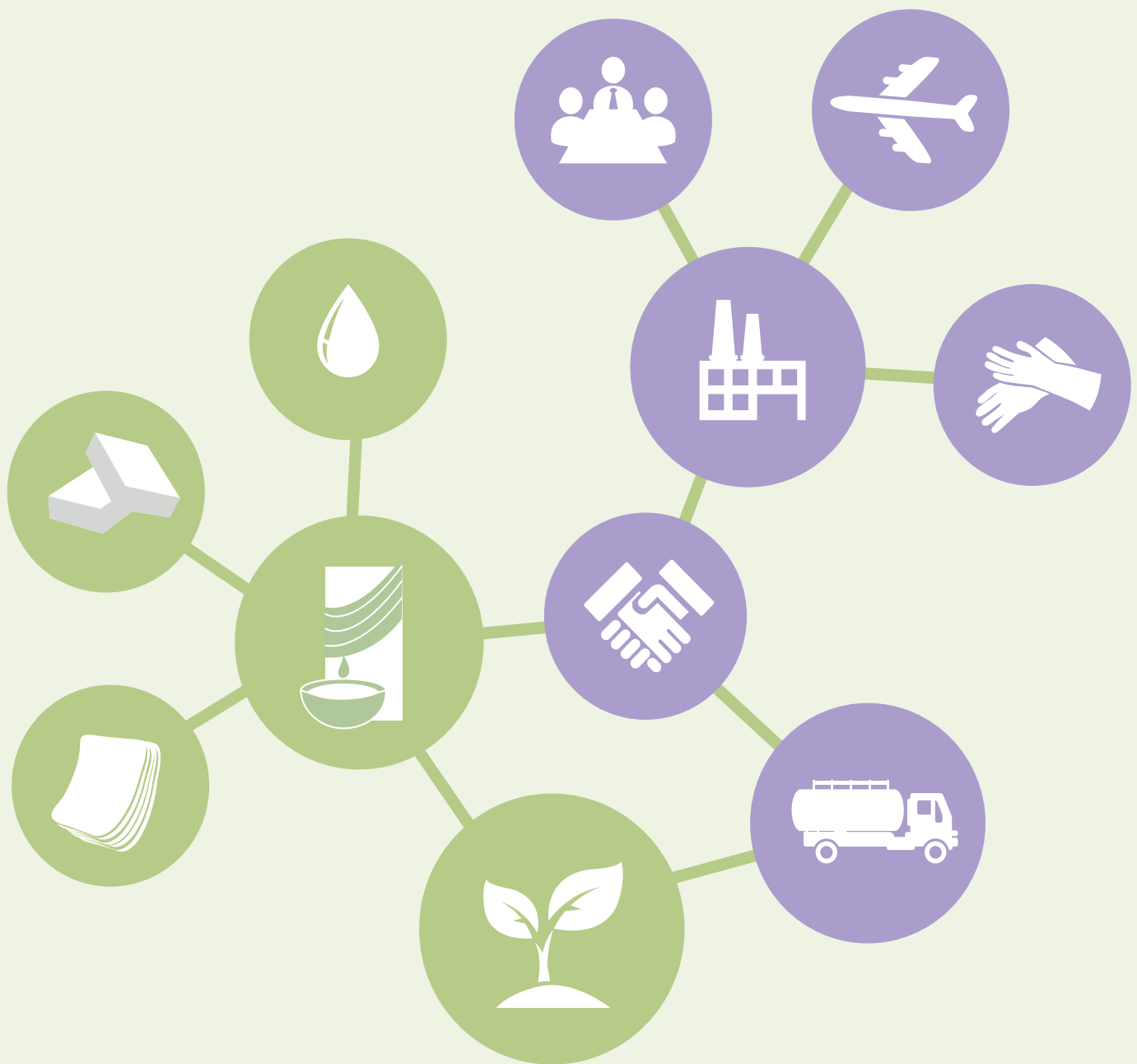


Green Rubber Products

We are committed to delivering to our customers the clean products for safety and hygiene of end-users.

Green Factory

We are committed to a sound concept of safe energy, rid of waste and odor to ensure that our production facilities are environmental and community friendly.



Green Supply

We passionately drive the industry towards the clean & clear natural rubber through our fair procurement system with natural rubber farmers and dealers.

Green Company

Is the symbol of our transparency in operation and attitudes towards sustainable natural rubber business development.

Message from Chairman



Dear Shareholders,

The Board of Directors of Sri Trang Agro-Industry Public Company Limited is pleased to present the financial results for the year ended 31 December 2013 and our development throughout the year 2013.

2013 has been another challenging year for us amid a combined impact of a softer demand from the shadow of global economy slowdown, the continuance of decline in rubber price and the volatility of currency exchange. However, with our strong foundations that we have laid years over years in continual investment in strategic locations as well as our focus to operate business with vigilance and agility in anticipation of any uncertainties, our results were satisfactorily achieved. In 2013 we broke our own record sale volume at 1,126,463 tons, 15% increase from 2012. Even though our revenue decreased 7% to THB 92,185 million due to the decline in rubber price, our net profit was recorded at THB 1,812 million, grew 31% from the previous year. Earning per share rose from THB 1.08 to 1.42. Our balance sheet remains strong at net cash of THB 1,893 million, total equity of THB 20,066 million with a healthy debt gearing at 1.21 times.

Our resilient performance despite weathering dynamic business climate in 2013 has affirmed the strength of our business model in riding on expansion mode and penetrating into high potential markets to maintain our world's leading position for higher market share. In 2013, we have delivered a remarkable growth of 14% in production capacity. We continued to expand our capacity in the Northeast of Thailand where we become the leading producer in this region. A new factory in Ubon Ratchathani and the expansion of Sikao in Trang have contributed another 100,000 tons/annum to the Group in 2013. Our state-of-the-art flagship in Palembang has strengthened our foothold in Indonesia by adding 50% capacity and becoming the largest single factory in Indonesia with a total capacity of 180,000 tons/annum. Further invigorating our position

as a fully integrated natural rubber supply chain, around 1,660 hectares were planted during 2013 across different locations. With only few years that we have ventured into the upstream greenfield rubber plantation, we have made very good progress in developing our rubber trees which is outgrown national rubber statistics in the same life stage in many plots.

To keep ourselves ahead of competition, we have endeavored beyond traditional rubber originations to high growth potential countries namely Vietnam. Not only to diversify our business to fast growing supply and provide customers a wider range of products, we also aim to reap the benefits of ASEAN (Association of South East Asian Nations), for instance friendlier mobilisation of capital and labor, potential reduction of cross border tariff and potential free trade zone. By 2014, our production capacity in Myanmar will contribute a new source of supply to the Group. Also, our sales & distribution activities will be additionally originated from our new trading platform in Vietnam.

It is our commitment to drive our business with focus on achieving balance of economic, environment and social development. We continue to value good corporate governance and sustainability development as an essential foundation for long-term success. The concept of “Green Rubber Company” which we initiated last year has been magnified into “Green Rubber Products”, “Green Factory”, “Green Supply” and “Green Company” to reflect our distinctive approach in delivering high quality products from clean and fair procurement system through a sound concept of environmental friendly production under our transparent management and good corporate governance.

Whilst uncertainties in global economy and natural rubber surplus are likely to remain in 2014, we are optimistic of our strong infrastructure, determined culture and consistent growth plan in our integrated business model continue to pay off even better than the past. In light of dynamic playing field with our broadened empire, we need to ensure our high competitiveness will drive business forward to cope with any challenges. In 2014, we are

further committed to sharpening our competitive edge towards “High Productivity Organisation”. This mission not only scale up our operational efficiency, but also give us an opportunity to monitor and establish best practices in every business units across the world to achieve higher productivity and healthy return to the shareholders.

On behalf of board of directors, I would like to express sincere thanks to Mr. Anan Pruksanusak who stepped down from the Board in May 2013, for his years of contributions and dedications to our Group. I also would like to thank our staffs who share the vision of “passionately we drive possibilities” and put discretionary efforts in delivering good result under very challenging business environment. Last but not least, I would like to thank our valued investors, banks and other stakeholders for unwavering support and confidence in our company.

Sincerely yours,



Dr. Viyavood Sincharoenkul

Chairman

Sri Trang Agro-Industry Public Company Limited

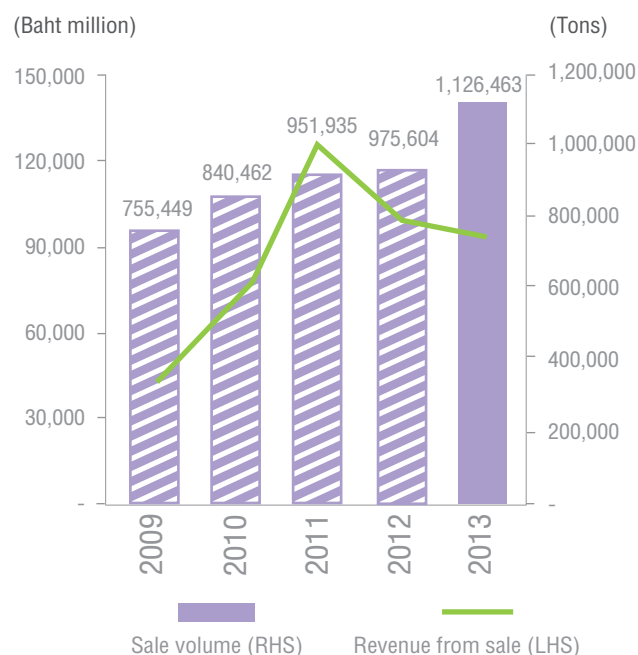
February 2014

Financial Highlights

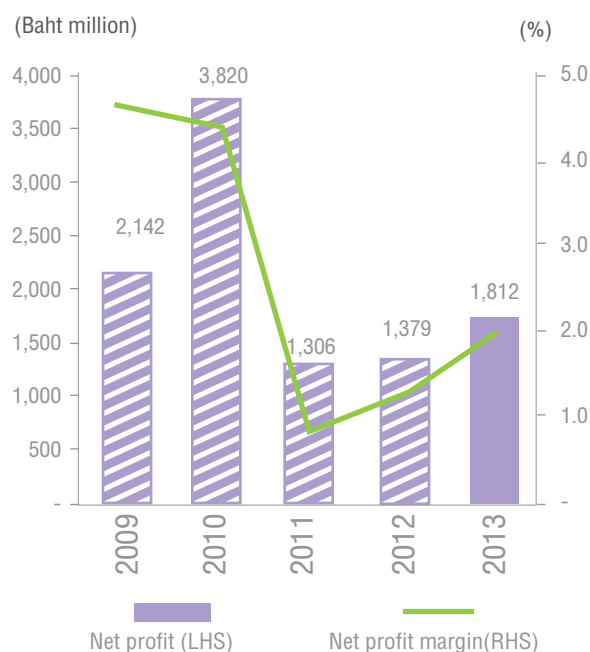
(UNIT : Baht million)	FY2013	FY2012	FY2011	FY2010	FY2009
STATEMENT OF COMPREHENSIVE INCOME					
Revenue from sale	92,185	99,639	133,704	83,845	45,910
EBITDA	3,747	2,840	3,311	4,877	2,972
Profit before tax	1,977	1,524	1,959	4,113	2,298
Net profit	1,812	1,379	1,306	3,820	2,142
STATEMENT OF FINANCIAL POSITION					
Total assets	44,320	36,696	40,103	37,656	23,105
Total liabilities	24,254	17,759	22,072	27,264	15,736
Shareholders' equity	20,066	18,937	18,031	10,392	7,369
FINANCIAL RATIOS					
Gross profit margin (%)	5.6	4.8	4.3	6.2	7.7
Net profit margin (%)	2.0	1.4	1.0	4.6	4.7
Current ratio (times)	1.3	1.5	1.5	1.2	1.1
Net debt to equity ratio (times)	1.1	0.9	1.1	2.5	2.0

Note: Financial statement for FY2009 has been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543 while Financial statement for FY2010 - FY2013 have been prepared based on the early adoption of some accounting standards.

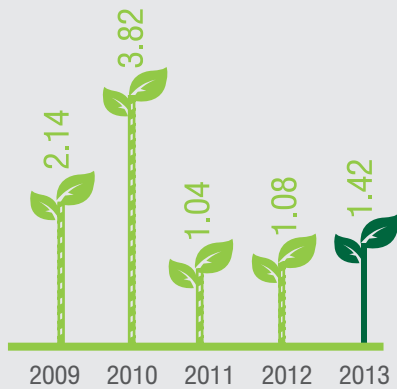
Revenue & Sale Volume



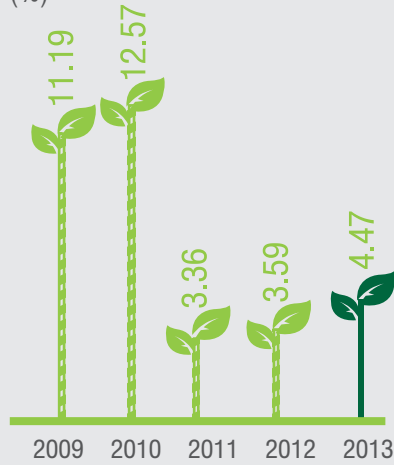
Net Profit



Earning per share
(THB)



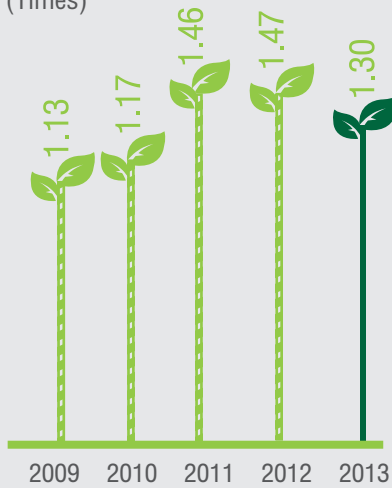
ROA
(%)



ROE
(%)



Current ratio
(Times)



Fixed asset turnover
(Times)

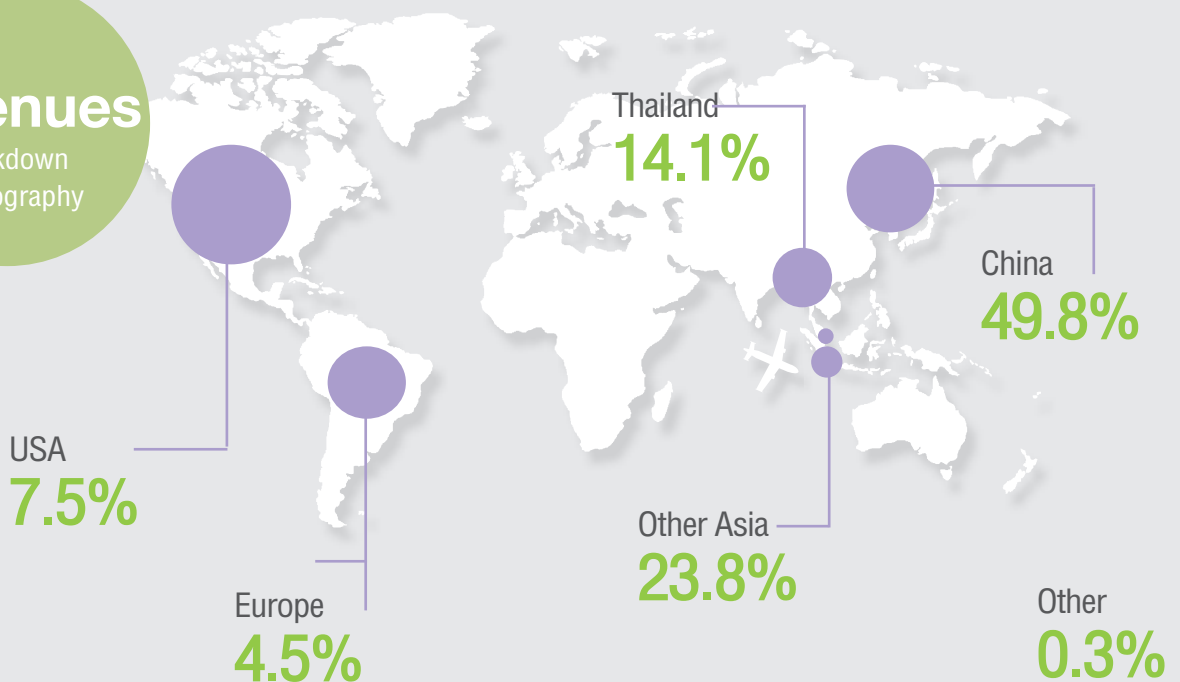


Net debt to equity
(Times)



Revenues

breakdown
by geography



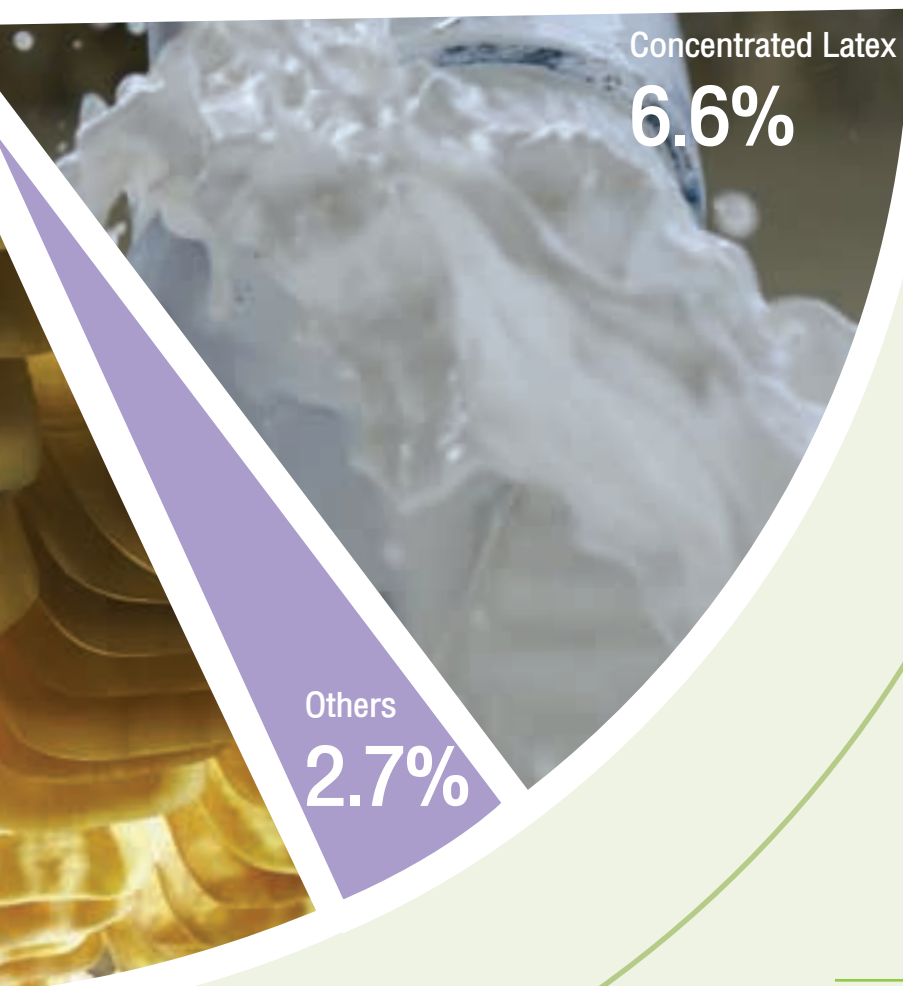
Revenues

breakdown by products



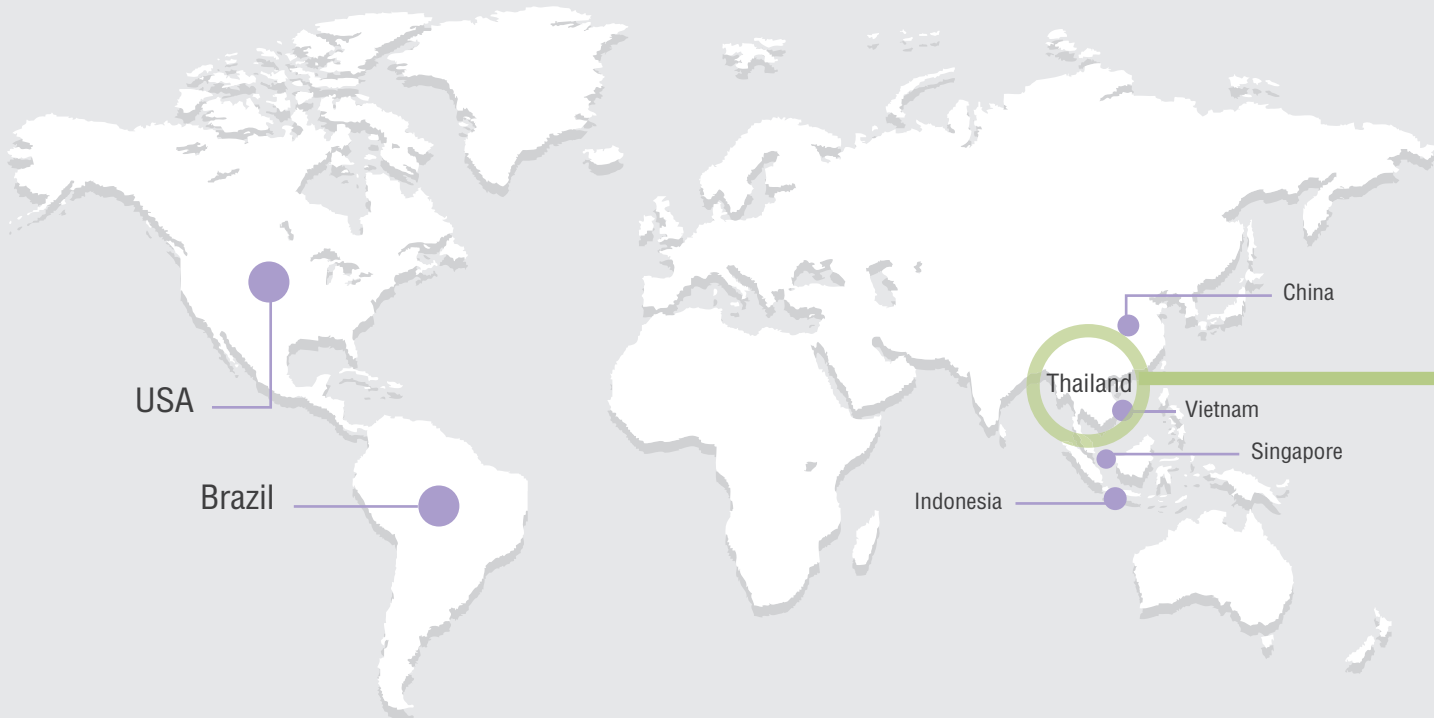
Ribbed Smoked Sheet

13.9%



Revenues
92,185
(Baht million)

Multi-National Platform



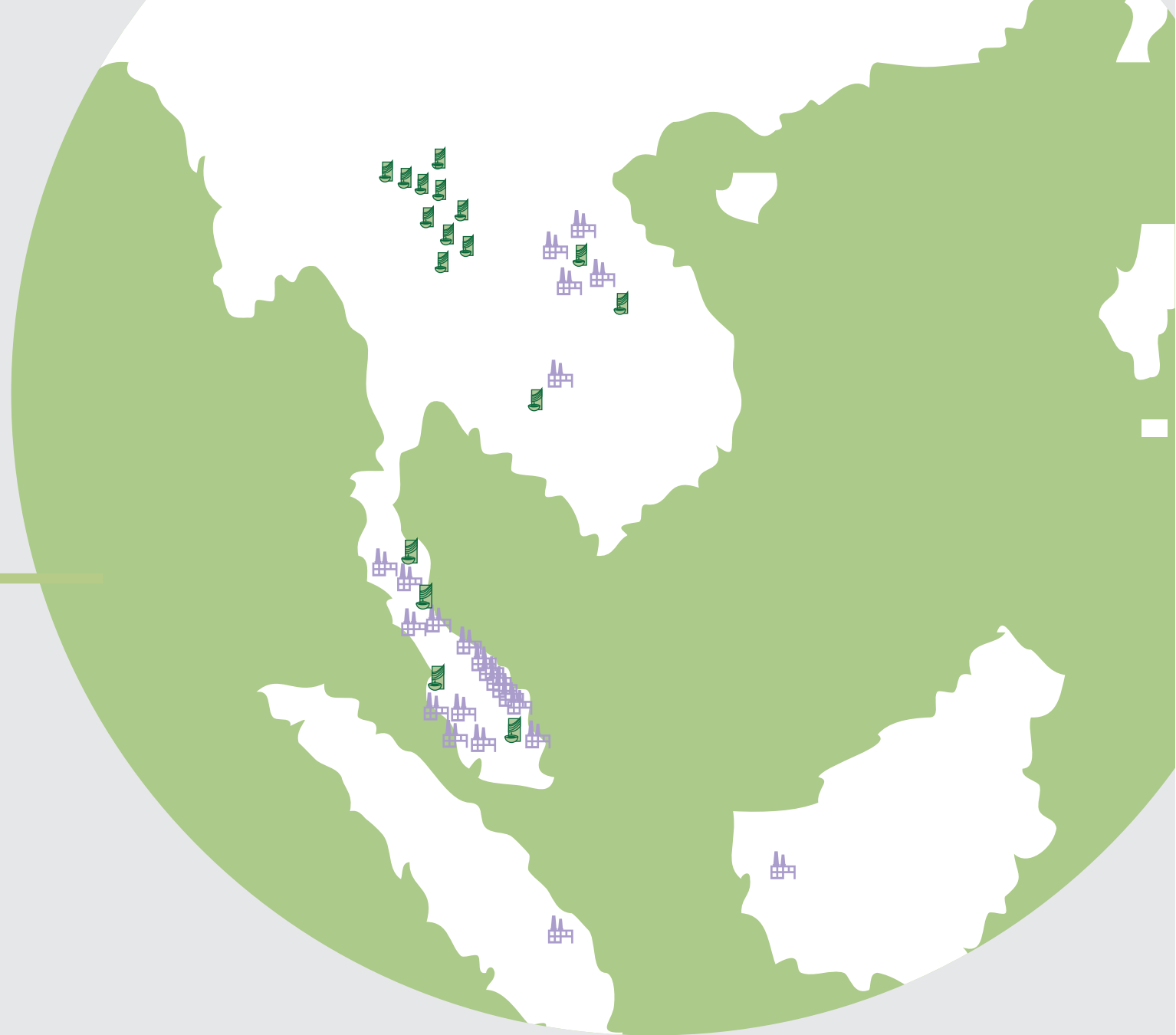
23
Factories

Ubon Ratchathani	1	Nakhorn Si Thammarat	1
Udon Thani	1	Chumporn	2
Bungkan	1	Surat Thani	2
Burirum	1	Trang	4
Mukdahan	1	Songkhla	6
Pattani	1	Indonesia	2



17
Rubber Plantations

Chiang Rai	Sukhothai	Sakaeo
Chiang Mai	Pitsanulok	Chumporn
Lampang	Pichit	Surat Thani
Phrae	Petchaboon	Krabi
Phayao	Sakon Nakhorn	Songkhla
Utaradit	Kalasin	



10% market share of world consumption in 2013

1,126,500 tons sales volume in 2013

23 processing facilities in Thailand and Indonesia

21% of Thailand's production volume in 2013

15% market share of China import contributed by STA

VISION

Passionately,
we drive possibilities

>>the green rubber company>>

MISSION

2013

Year of high performance

MISSION

2014

Year of high productivity

CORE VALUE

INTEGRITY

Our operations are underpinned by business integrity. We are committed to transparency and the equitable treatment of all stakeholders. We are also imbued with a strong sense of social and environment responsibilities.

POSSIBILITY THINKING

We do not let ourselves be constrained by the conventional ways of doing things. It is our belief that innovation knows no bounds and that, with creativity and enterprise, there is no limit to what we can achieve.

DETERMINATION

We are steadfastly determined to, with utmost dedication, fully utilize the best of our capabilities to bring about organizational success.

COLLABORATION

We foster a collaborative work environment. We believe that, by working together as one united team and treating one another with mutual respect, we are able to more effectively contribute to the Group's overall success.

ENDLESS LEARNING

There is no room for complacency. We are on a constant quest for learning experiences that enable us to develop our professionalism toward international standard which will enhance efficiency of work and drive the company to the same target.

Board of Directors



Dr. Viyavood Sincharoenkul
Chairman/ Managing Director



Mr. Prasit Panidkul
Vice Chairman/ Executive Director



Mr. Chaiyos Sincharoenkul
Director/ Executive Director



Mr. Anan Pruksanusak*
Director/ Executive Director



Mr. Kitichai Sincharoenkul
Director/ Executive Director/
Nomination Committee Member

* The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.



Mr. Veerasith Sinchareonkul
Director/ Chairman of Risk
Management Committee



Mr. Paul Sumade Lee
Director/ Executive Director



Mr. Prakob Visitkitjakarn
Independent Director/ Chairman
of Audit Committee/ Chairman of
Remuneration Committee



Mr. Kriang Yanyongdilok
Independent Director/ Audit
Committee member/ Chairman of
the Nomination Committee/
Remuneration Committee member



Mr. Samacha Potavorn
Independent Director/
Audit Committee member/
Nomination Committee member/
Remuneration Committee member



Mr. Neo Ah Chap
Independent Director

Executive Management



Mrs. Prapai Srisuttiaphong
Procurement Manager



Mr. Chalernpop Khanjan
Production Manager



Mr. Arsom Aksornnam
Production Manager



Mr. Chaidet Pruksanusak
Quality Assurance Manager



Mr. Patrawut Panitkul
Chief Financial Officer (CFO)



Miss Lim Li Ping
Controller



Mr. Rattapong Laparojkit
Engineering Manager



Mr. Phanlert Wangsuphadilok
Engineering Manager

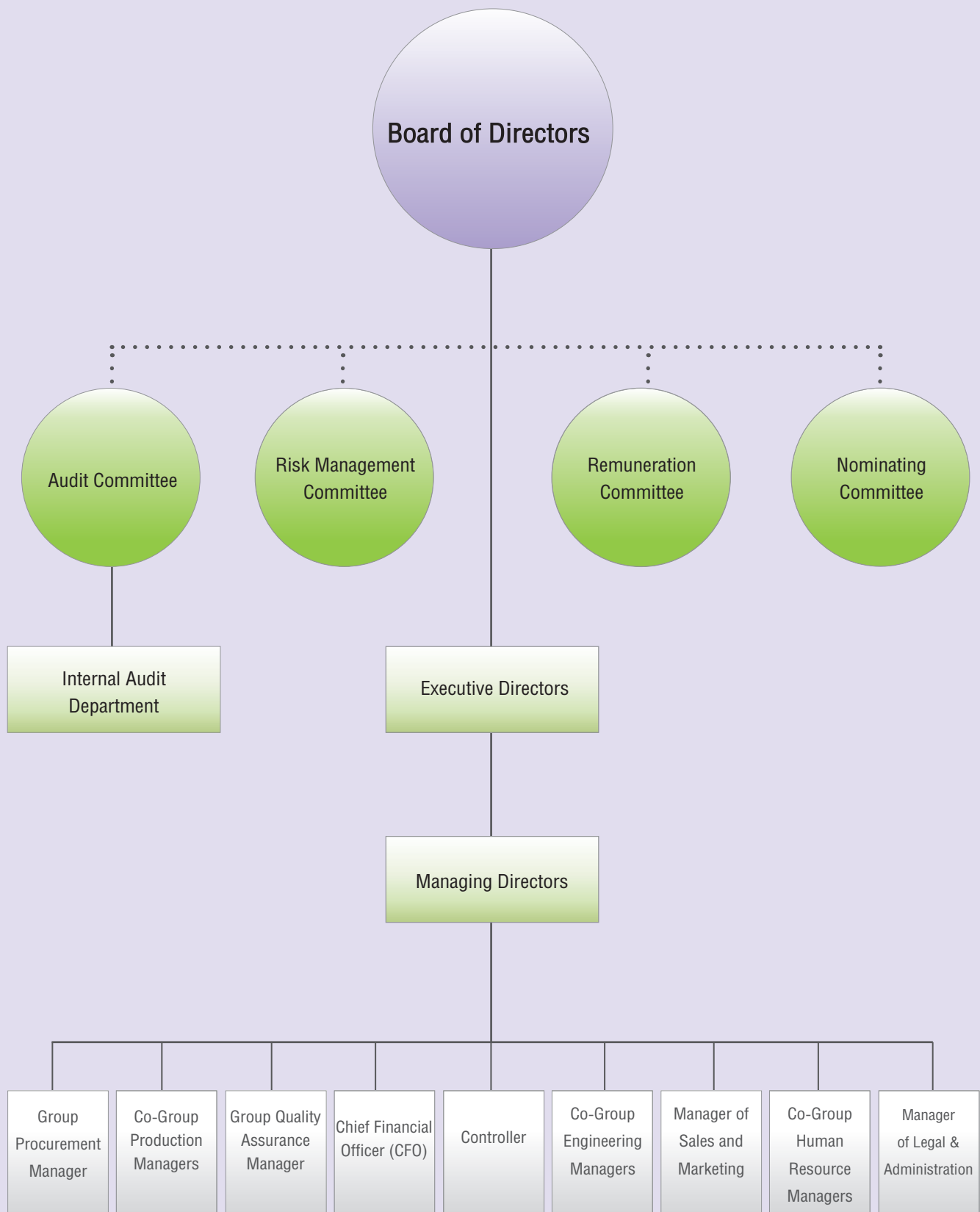


Mr. Udom Pruksanusak
Human Resources Manager



Miss Nuchanart Chaiyarat
Human Resources Manager

Organization Structure



Business Overview



STA is the world's largest fully integrated natural rubber company with a market share of 10% of global consumption. STA offers a full range of Natural Rubber products, including Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex, with a total production capacity of 1.3 tons per year. Our 23 rubber processing plants are located in Thailand and Indonesia, the world's top natural rubber producers.

In addition to the Natural Rubber processing which is our core business, we have invested in various joint ventures with foreign companies to produce finished products. Our gloves manufacturing operation is Thailand's largest and one of the world leading producer of examination gloves. We are also Thailand's largest producer of high-pressure hydraulic hoses, which are widely used in the industrial sector. Moreover, STA has expanded the business by investing in large rubber plantations in Thailand.

STA was established in 23 April 1987 as a private limited company. STA 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 in Singapore and listed its shares on the SGX-ST. STA is the first and only Thai rubber company that is dually listed on both the Stock Exchange of Thailand (SET) and the Singapore Exchange (SGX).

Company Milestone

1987	April	Commenced operations producing ribbed smoked sheets in Hat Yai, Thailand with an initial registered capital of Baht 31.0 million.
	October	Established Anvar Parawood for the production of rubber wood for the furniture industry and for being a base to carry rubber products of Sri Trang Group.
1988	March	Established Rubberland Products for the production of Concentrated Latex, our Group's first processing facility producing Concentrated Latex.
1989	January	Jointly established SSC with Semperit Technische Produkte to produce latex examination gloves.
1990	March	Jointly established Thai Tech Rubber with Southland Rubber Co., Ltd and Itochu Corporation Limited to expand our product mix to cover TSR block rubber.
1994	January	Established Starlight Express Transport to provide logistical support to our Group's business.
	March	Established Premier System Engineering to support our Group's research and development and provide engineering services.
1995	May	Jointly established Shanghai Semperit with Semperit Technische Produkte to produce escalator handrails.
	September	Established Startex Rubber to invest in upstream business into the ownership of rubber plantations in the southern region of Thailand.
1996	March	Jointly established Semperflex Asia with Semperit Technische Produkte to produce high pressure hydraulic hoses.
1998	April	Jointly established Sempermed USA, Inc. to manage the sales and marketing of examination gloves which are used for medical and industrial purposes in the United States.
2002	April	Established Sri Trang International in Singapore, a purchasing hub for key users of natural rubber, for the distribution of the Natural Rubber Products to global market.
2004	March	Established Sri Trang USA to focus on the distribution of the Natural Rubber Products in the US market.
	July	Expanded substantially in the PRC by establishing our sales teams in Qingdao and Shanghai to conduct direct sales of the Natural Rubber Products to our customers in the PRC.
2005	January	Established PT Sri Trang Lingga, our first natural rubber procurement and processing facility outside of Thailand.
	July	Jointly established Semperflex Shanghai to produce high-pressure hydraulic hoses in the PRC.
2007	February	Our subsidiary, Sri Trang International, was awarded the first prize in the top trading volume award by the Singapore Commodity Exchange Limited.
	December	Established Sri Trang Rubber & Plantation to invest in rubber plantations.

2008	February	Our subsidiary, Sri Trang International, was awarded the second prize in the top trading volume award by the Singapore Commodity Exchange Limited.
	May	Jointly established Sempermed Singapore with Semperit Technische Produkte for the acquisition of Sempermed Brasil, our distributor of examination glove in Brazil.
2009	August	Acquired PT Star Rubber as our second Indonesian TSR processing facility.
	December	STA 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.
2010	August	Established our first PRC subsidiary, Shi Dong Shanghai in Shanghai, to expand our operation into the PRC.
2011	January	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. STA is the first Thai listed company dually listing in Singapore.
	September	SSC received Quality Award from Food and Drug Administration for three consecutive years.
	December	STA issued two tranches of debentures, the first debenture for rubber processor in Thailand, to the institutional and high net-worth investors totaling Baht 2,150,000,000.
2012	August	STA won Prime Minister's Export Award 2012 for being a best exporter with the export value exceeding Baht 5,000 million.

2013	January	PT Sri Trang Lingga completed production capacity expansion for another 60,000 tons per annum and became the largest block rubber producer in Indonesia with a total production capacity of 166,000 tons per annum.	February	STA issued two tranches of debentures to the institutional and high net-worth investors totaling Baht 900,000,000 for working capital and capacity expansion of our group.	May	Increase registered capital of PT STAR RUBBER, the Indonesian subsidiary from USD 32 million to USD 62 million to support capacity expansion by investing through our subsidiary Sri Trang International.	
	July	STA's new block rubber factory with a production capacity of 60,000 tons per annum in Ubon Ratchathani Province started production.	November	Semperform Pacific completed liquidation process.	December	STA, Sikao branch completed its block rubber capacity expansion of 50,000 tons per annum.	December

Products and Services



Finished Products




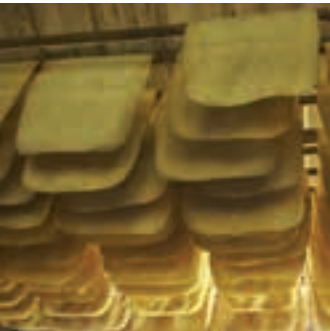

Natural Rubber Products



Other Businesses

Natural Rubber Products

Natural Rubber Products are our core products contributed about 97% of total revenue in 2013. Natural Rubber Products range that we produce and distribute includes Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS), and Concentrated Latex.

Natural Rubber Products		Products Types	Applications
1. Technically Specified Rubber : TSR 		Produced in Thailand <ul style="list-style-type: none"> • STR • STR CV • STR Compound Produced in Indonesia <ul style="list-style-type: none"> • SIR • SIR Compound 	Mostly used as raw material for the tyre industry
2. Ribbed Smoked Sheets : RSS 		<ul style="list-style-type: none"> • 5 grades of RSS; RSS1, RSS2, RSS3, RSS4, and RSS5 • ADS (Air Dried Sheet) • RSS 1XL 	Raw material for the tyre industry, parts of automobile, belt, pipe, and shoes, etc.
3. Concentrated Latex 		60% Concentrated latex <ul style="list-style-type: none"> • HA – High Ammonia Latex • MA – Medium Ammonia Latex • LA – Low Ammonia Latex • Double Centrifuge Latex 	Raw material in the productions of latex examination glove, condom, elastic, and adhesive, etc.



Raw materials procurement and management

Raw materials for the production of RSS, TSR, and Concentrated Latex are unsmoked rubber sheets, cup lumps, and field latex respectively. Since it is a main part of production cost, raw materials procurement unit is one of the key success for our business. Thus, we have established a network to procure our raw materials in order to reduce the cost to transact with intermediaries. Our procurement centers are strategically located close to sources of raw materials supply. As at 31 December 2013, we have 64 raw material procurement centers, 42 of which in Thailand and another 22 in Indonesia.



Production facilities and capacity

Sri Trang Group is the world's largest Natural Rubber producer. As at 31 December 2013, the Company have 23 processing facilities, 21 of which in Thailand and two processing facilities in Indonesia, with a total optimal production capacity of approximately 1.3 million tons of Natural Rubber Products per year. For the year ended December 2013, utilisation rate was approximately 76.7% of our production capacity.



Sales, marketing and customers

Apart from the sales unit from our production bases in Thailand and Indonesia, we have established three trading and distribution networks based in Singapore, the United States and the PRC through our subsidiaries Sri Trang International, Sri Trang USA, and Shi Dong Shanghai, respectively. Having such networks and strong sales teams enables us to expand customer networks to cover various countries and territories in Asia such as the PRC, India, Singapore, Japan, Vietnam, Malaysia, and Korea as well as the United States and Europe.



Shipping, logistics and maintenance

For local Thailand market, services for shipping and logistics activities in relation to the sale of Natural Rubber Products are provided by our subsidiary, Starlight Express Transport. Such services include the arrangement of product shipping, the preparation of the related import and export documentation, the business of forklift rental, and repair services to companies within our Group.

Maintenance services and R&D Development are mainly provided by Premier System Engineering, our subsidiary who have expertise in engineering and production development in the industry.

Finished Products



Siam Sempermed Corporation Limited (SSC), jointly established by Sri Trang Group and Semperit Technische Produkte, is Thailand largest examination gloves producers and one of the leading producers of Natural Rubber and nitrile examination gloves globally.

Raw materials procurement and management

The key raw material of SSC's production of its latex examination gloves is Concentrated Latex. With the longstanding supply from Sri Trang Group, SSC have benefited from the best quality of raw materials to serve the needs of worldwide customers.

Production facilities and capacity

As at 31 December 2013, SSC has a total of four production facilities with a combined capacity of approximately 14.0 billion pieces annually. We believe that SSC is Thailand largest examination gloves producers and one of the leading producers of Natural Rubber and nitrile examination gloves globally.

Sales and marketing

To keep abreast with the dynamic global gloves market, SSC regularly participates in exhibitions and international events. This allows SSC to offer its wide ranges of products to new customers and introduce the company to new markets. Moreover, SSC have routine visits to customers abroad for holding meetings, training, and ensuring our distributors, customers' needs are always taken care of.

Together with our business partner, we have established two companies; Sempermed USA and Sempermed Brasil in strategic locations, to distribute the products of SSC in North and Latin America.

Other Businesses



Rubber plantation

We operate our rubber plantation through our subsidiary, Sri Trang Rubber & Plantation. As at 31 December 2013, we have approximately 37,500 rai (6,000 hectares) of rubber plantations in 13 provinces of Thailand, the majority of which are located in the northern and northeastern regions.



Rubber wood processing

Through our subsidiary, Anvar Parawood, we also involved in the production and distribution of processed dried rubber wood and other types of woods for packaging and furniture industry in both local and global markets.



High-pressure hydraulic hoses

Semperflex Asia, jointly established by STA and Semperit Technische Produkte, is Thailand's largest producer of high pressure hydraulic hoses which are primarily used for heavy industry, mining industry, and other industries. Its distribution channel network includes the US, Singapore, China, India, Brazil, and Austria.

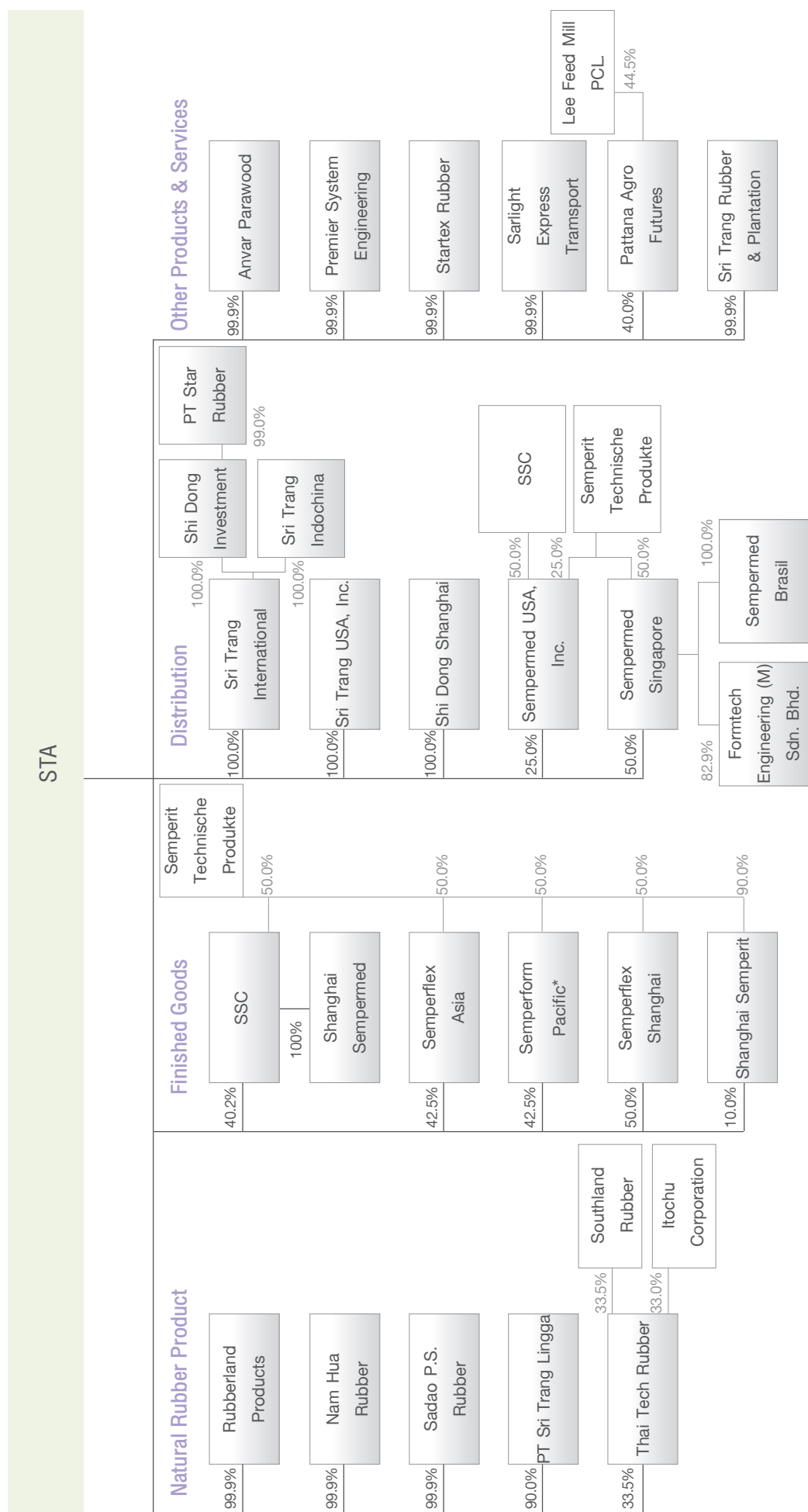


Escalator hanrails

We participate in the production and sale of high quality escalator handrails through Shanghai Semperit, a leader of world's escalator handrail industry.

Group Structure

The group structure of the Company as of 31 December 2013 is shown in the diagram below.



Note*: Semperform Pacific was liquidated on 6 November 2013

Revenue Structure

Revenue Structure of Sri Trang Group

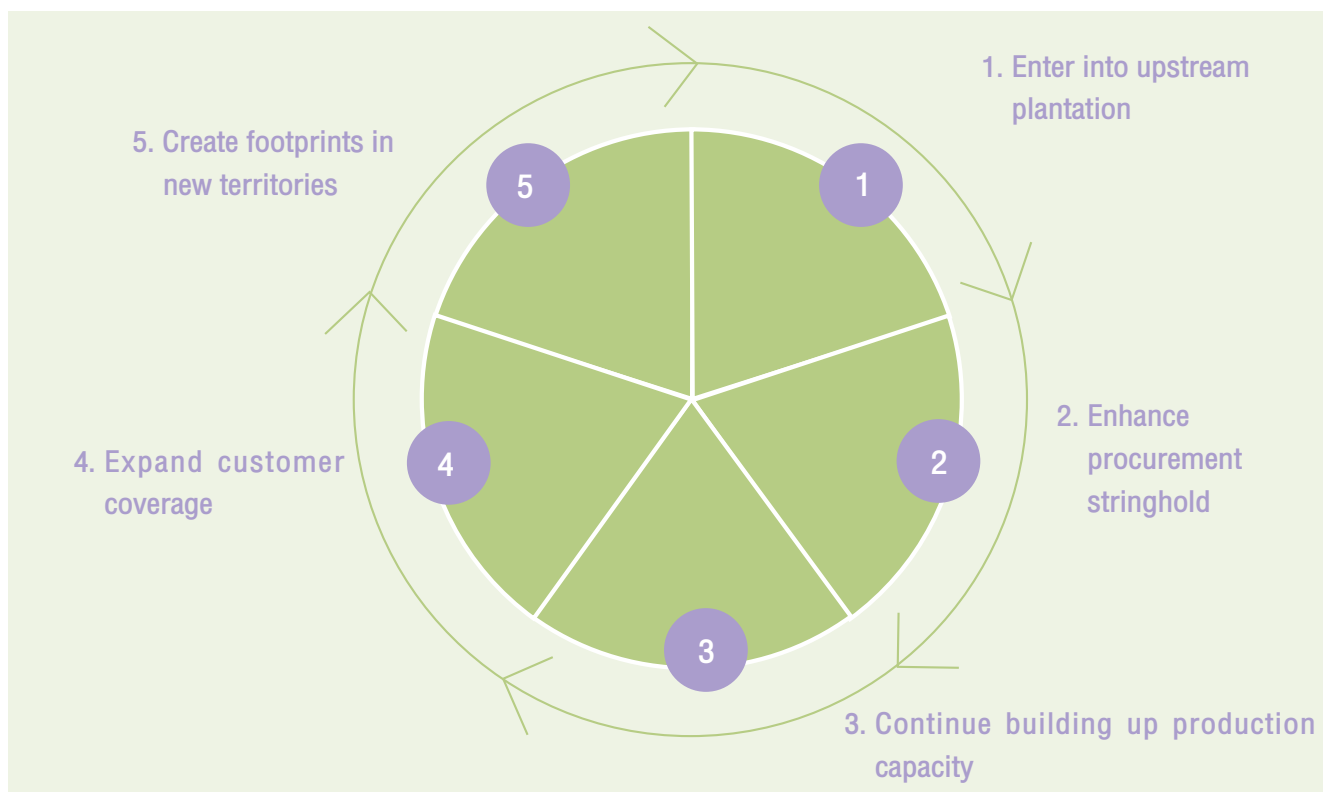
Type of Business / Operated by	% Share holding by STA	Year ended 31 December					
		2011		2012		2013	
		Baht million	%	Baht million	%	Baht million	%
Revenue from TSR products		96,138.6	71.8	77,499.7	77.5	70,773.7	76.6
STA	-						
Sri Trang International	100.0						
Sri Trang USA, Inc.	100.0						
Rubberland Products	99.9						
Nam Hua Rubber	99.9						
PT Sri Trang Lingga	90.0						
Shi Dong Shanghai	100.0						
PT Star Rubber	99.0						
Revenue from RSS products		24,942.8	18.6	13,591.0	13.6	12,845.5	13.9
STA	-						
Sri Trang International	100.0						
Sri Trang USA, Inc.	100.0						
Nam Hua Rubber	99.9						
Shi Dong Shanghai	100.0						
Revenue from Concentrated Latex products		10,236.6	7.7	6,436.4	6.4	6,047.4	6.5
STA	-						
Sri Trang International	100.0						
Shi Dong Shanghai	100.0						
Sri Trang USA, Inc.	100.0						
Rubberland Products	99.9						
Nam Hua Rubber	99.9						

Type of Business / Operated by	% Share holding by STA	Year ended 31 December					
		2011		2012		2013	
		Baht million	%	Baht million	%	Baht million	%
Revenue from other products and services*		2,385.8	1.8	2,112.0	2.1	2,518.5	2.7
STA	-						
Anvar Parawood	99.9						
Premier System Engineering	99.9						
Starlight Express Transport	99.9						
Startex Rubber	99.9						
Rubberland Products	99.9						
Sri Trang USA, Inc.	100.0						
Shi Dong Shanghai	100.0						
Other income		165.2	0.1	363.9	0.4	260.0	0.3
Total revenue		133,869.0	100.0	100,003.0	100.0	92,445.1	100.0
Share of profit of investments in associates and a joint venture		648.9		526.8		495.6	

Note*: Comprises (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. (iii) RSS processing fee for Thai Government recognized from Q3 2012 onwards.

Our Business Strategy and Future Growth Plan

In order to strengthen and maintain our leading market position as a world leading Natural Rubber processor under the pressure of economic slowdown and intense competition, we have put in place an aggressive expansion plan and dedicated penetration strategy across our Natural Rubber supply chain as following;



1. Enter into upstream rubber plantation

Being a midstream player in Natural Rubber industry for two decades, we have built up our business networks throughout the region. By having our own rubber plantation, not only allow us to gain the high-profit compartment of the supply chain, we believe it could increase opportunity to procure raw materials at more favorable prices in new rubber plantation zone. This could ultimately increase sustainable profitability, provide us supply insights, and increase potential for new capacity expansion for our midstream operation. In pursuance of this strategy, we have been continually acquiring land with high potential yield output. As at 31 December 2013, we have approximately 37,500 rai (6,000 hectares) of land for rubber plantations and continue to acquire more to achieve 50,000 rai (or approximately 8,000 hectares) by the end of 2014.

2. Enhance our procurement stronghold

Raw material procurement is the paramount process in Natural Rubber midstream business as raw material cost represents majority production cost. We have developed our own system and process to create excellent interface with suppliers and also set up an integrated system to build relationship with suppliers for long-term business partnership. Moreover, we have created effective communication strategy with our suppliers to ensure that the quality of the supplied raw materials will always meet our factories' requirement in order to save production cost and increase production efficiency.

3. Continue building up production capacity

We consistently invest in both organic and inorganic growth. We believe that gaining market share is the headwind for long-term success in midstream business. Such growth strategy is mainly supported by our own capacity under in-house developed state-of-the-art production. We aim to expand our total production capacity to 1,500,000 tons/annum by the end of 2015. We believe that the larger size of processing capacity will enable us to benefit from economies of scale and in an even better position to lead the natural rubber market.

4. Expand customer coverage

Our sales & distribution strategy is to ensure that we capture all demands from customers throughout the world. We continually expand customer base to high growth markets and new highly potential markets. Almost a decade that we have entered into Chinese market, it has strengthened our market position in the world's largest Natural Rubber consumer where one-third of world demand is generated. Though customer expansion in Chinese market is still our focus, we also reserve no spare efforts to penetrate into other high potential markets.

5. Create footprint in new territories

Along with our 20 years as a production base of global player in commodity business, we focused our production sources from major Natural Rubber countries, specifically Thailand and Indonesia. Under the challenges of capital and labor mobilization as a result of ASEAN (Association of South East Asian Nations) as well as the increase in competition from rapid-growth second tier Natural Rubber suppliers such as CAMAL* and Vietnam, we have to stretch our production base to new territories. In 2014, our production capacity in Myanmar shall contribute a new source of supply to the Group. Also, our sales & distribution activities shall be additionally originated from our newly established platform in Vietnam.

Note* : CAMAL countries include Cambodia, Myanmar and Lao PDR.

Natural Rubber Industry and Competition

Natural Rubber Industry

Demand and Supply of Natural Rubber in 2013

According to International Rubber Study Group (IRSG), World Rubber Industry Outlook, Review and Prospects to 2022 as of December 2013, the world demand of Natural Rubber in 2013 was 11,291,000 tons, 2.5% increase from 2012, whereas world production of natural rubber was 11,675,000 tons, 3.1% growth from 2012. Supply growth was mainly supported by Thailand and Vietnam who has overtaken Malaysia as a world third largest NR producer. Other contributions to 2013 growth in production came from Indonesia, China, and CAMAL*. Such growth partially offset by output disruption in Malaysia and India together with the declining production of Sri Lanka. Meanwhile, the demand growth mainly contributed by China was partly offset by the diminishing demand of the US and India.

Trend of Demand and Supply of Natural Rubber in 2014

Global's Natural Rubber consumption in 2014 is expected to be 11,888,000 tons, up 5.3% from growth rate of the year 2013 at 2.5% (Source: IRSG - The World Rubber Industry Outlook, Review and Prospect to 2022, December 2013). The increase in demand is in line with growth of tyre industry which accounted about 70% of global Natural Rubber demand. Most growing demand comes primarily from China, the world's largest NR consuming country, India, Europe as well as the US from their better economic conditions. Meanwhile, IRSG forecasted that total global Natural Rubber production will increase by 3.9% YoY to 12,130,000 tons. Such increase is mainly contributed by Thailand, Indonesia, India, CAMAL*, and China.

Diagram Exhibits Demand and Supply of Natural Rubber during 2002-2014

Unit : Million Tons



Source: IRSG

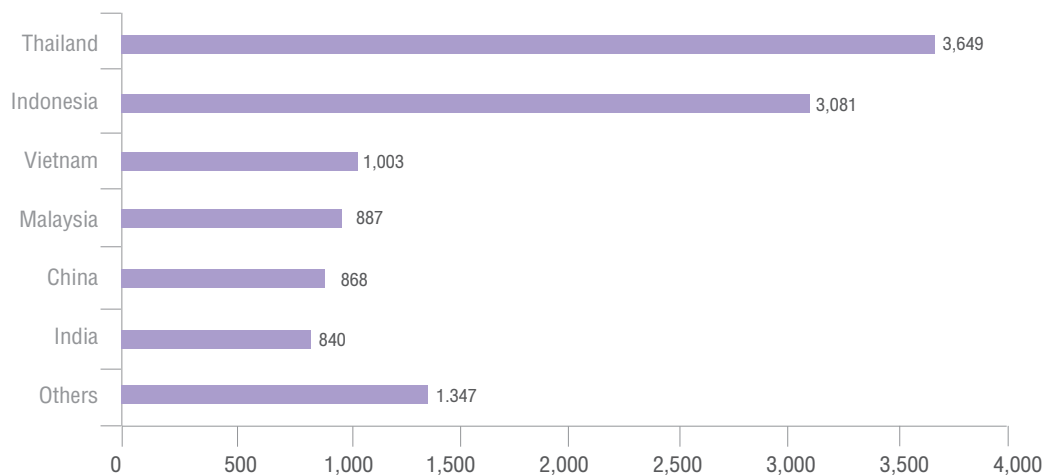
Note* : CAMAL countries include Cambodia, Myanmar and Lao PDR.

World's Major NR Producing Country

Rubber tree is a perennial crop that can only be grown in some part of the world. In 2013, Thailand was the largest rubber supplier with a share of 31.3% followed by Indonesia at 26.4%, Vietnam at 8.6%, Malaysia at 7.6%, and China at 7.4%. These top five represented 81.3% of the world's production share as of 2013.

Diagram Exhibits Natural Rubber Supply Breakdown by Country: 2013

Unit : Thousand Tons



Source: IRSG

Key Factors Affected NR Supply

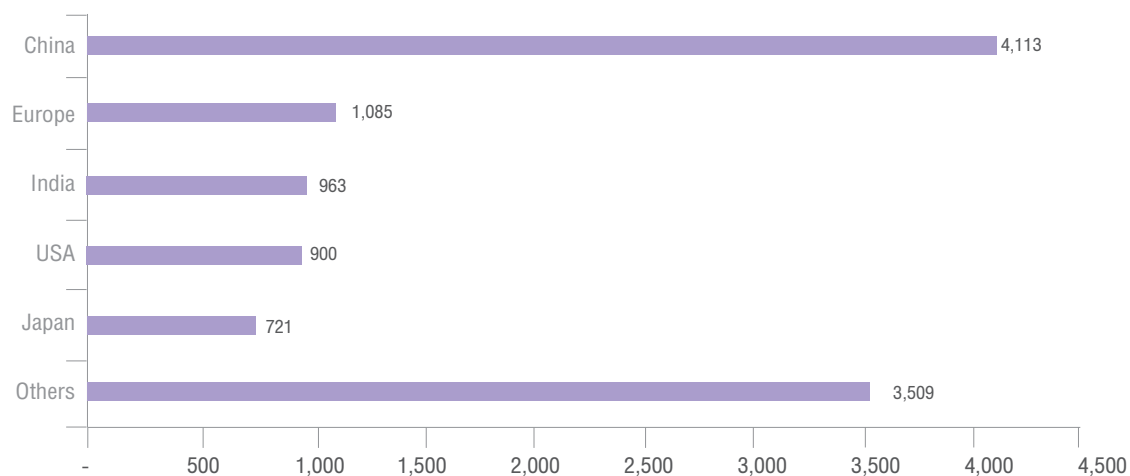
The supply of Natural Rubber is factored by long gestation period of rubber trees (6-7 years), the availability of arable area, tapping / new planting / replanting area, labor cost, and sufficiency of labor force. Additionally, the output of different harvesting season and planting zone also depend on the clone of rubber tree sapling, weather conditions, tapping intensity, and skill of rubber farmers.

World's Major NR Consuming Country

China is the world's major natural rubber consumer accounting for 36.4% of total global consumption followed by Europe, India, the US, and Japan who consumed about 9.6%, 8.5%, 8.0% and 6.4% of total global consumption, respectively. These top five represented 68.9% of the world's consumption share as of 2013.

Diagram Exhibits Natural Rubber Demand Breakdown by Country: 2013

Unit : Thousand Tons

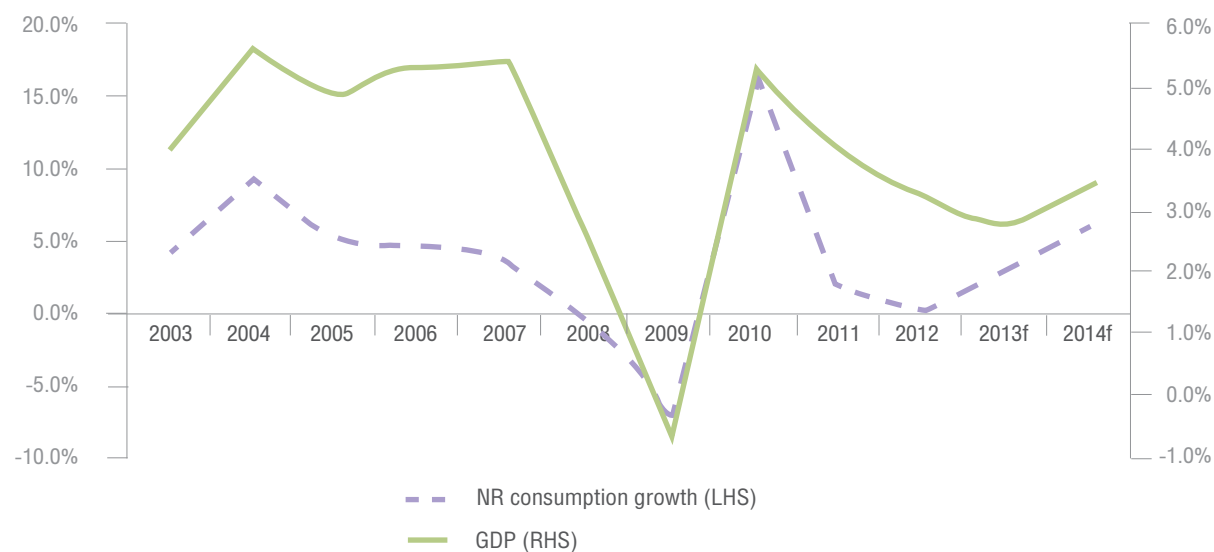


Source : IRSG

Key Factors Affected NR Demand

Global economic development is the key indicator for tyre consumption and NR growth prospect as approximately 70% of Natural Rubber demand is driven by tyre industry. Therefore, NR outlook is dependent primarily on industrial growth and automobile industry.

Diagram Exhibits Growth of World's Natural Rubber Consumption and GDP Growth during 2003-2014



Source : IMF and IRSG

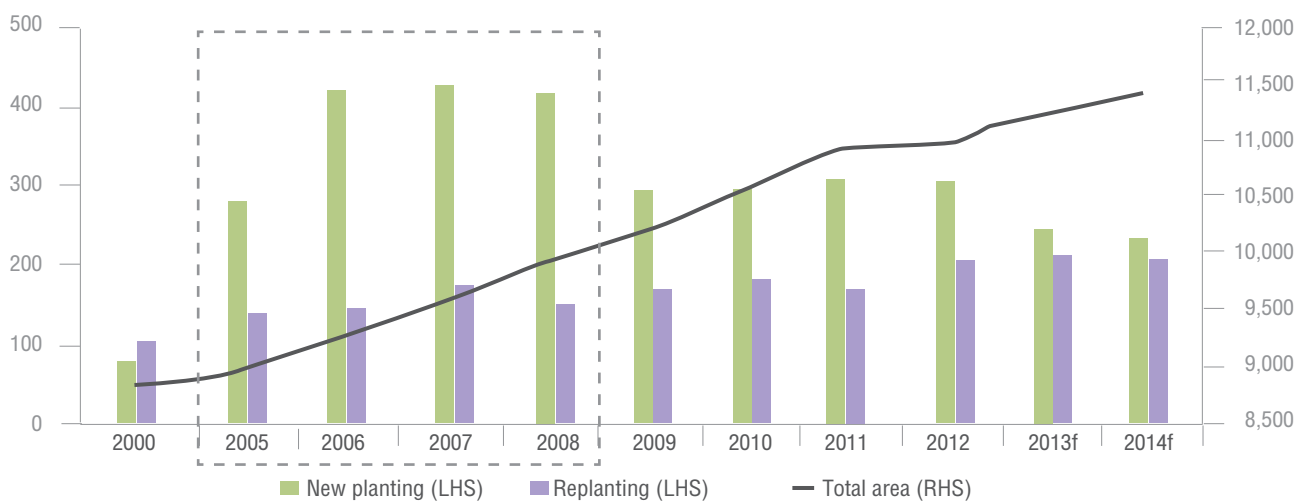
Balance of Natural Rubber Demand and Supply

As the rubber trees take 6-7 years to be mature for tapping, new supply from new rubber plantation during upsurge of NR price during 2005-2008 will come out from 2011 onwards. The rubber surplus shall continue for the next couple of years as the increase in NR consumption may not be insufficient to absorb the expansion of supply. However, with an improvement in demand from China and some advanced countries, IRSG is anticipated that the supply surplus will be lower from 384,000 tons in 2013 to 242,000 tons in 2014.

Diagram Exhibits Planting Area of Natural Rubber during 2000-2014

Unit : 000'Hectare

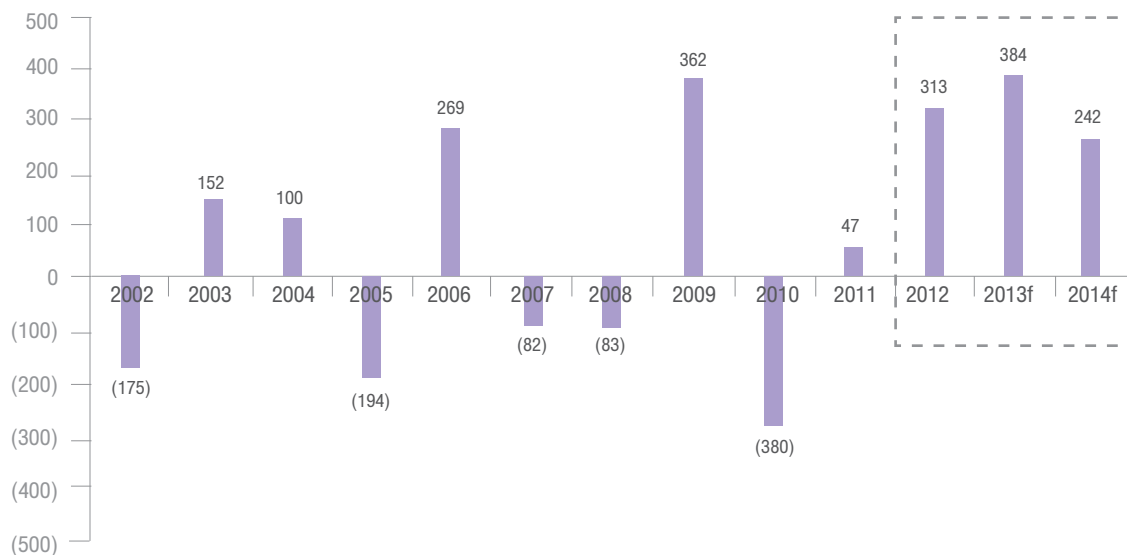
Unit : 000'Hectare



Source : IRSG

Diagram Exhibits Supply Surplus (Deficit) of Natural Rubber during 2002-2014

Unit : Thousand Tons



Source : IRSG

Natural Rubber price

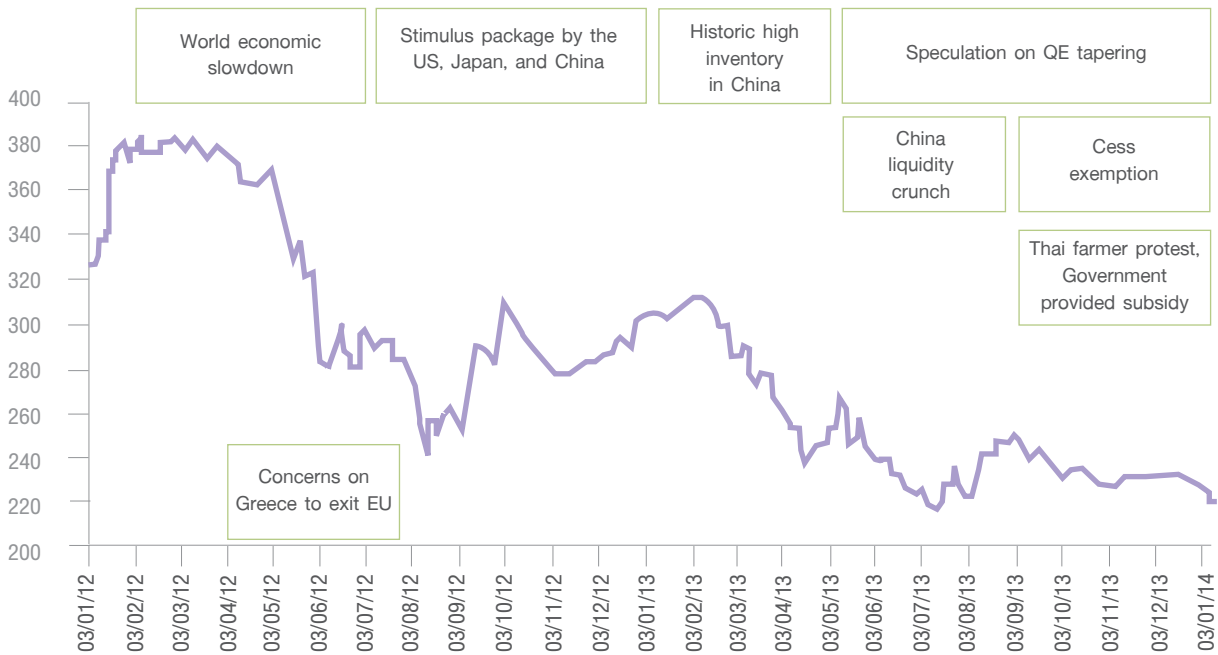
The price of natural rubber are affected by a number of factors including 1) world economic conditions which directly influence automobile and tyre industry, 2) the magnitude of demand and supply, 3) exchange rate fluctuation especially US dollar, Japanese Yen, and natural rubber exporting currencies such as Thai Baht and Indonesian Rupiah as natural rubber is mainly traded in US Dollars, and 4) oil price since natural rubber and synthetic rubber, which is derivatives of crude oil, are substitute products.

At the beginning of 2013, NR price continued its positive momentum from the last two months of 2012 which was driven by an improved demand from positive macroeconomic indicators led by stimulus package from giant countries and NR stock replenishment of China. Thereafter, high level of NR inventory in China, the slow recovery of world economic, and the speculation on QE tapering have caused the downward movement of NR price.

A modest reduction of bond-buying stimulus in early 2014 has led to the depreciation of Thai Baht, Malaysia Ringgit, and Indonesia Rupiah against the US dollar. Such currency movement is unfavorable to NR price quoted in the US dollar term. In addition, slowdown of economic data of the US and the largest NR consumer China pressured on market sentiment of Natural Rubber and brought concerns on the weakening demand.

Diagram Exhibits SICOM Price of STR20 in 2012- 2013

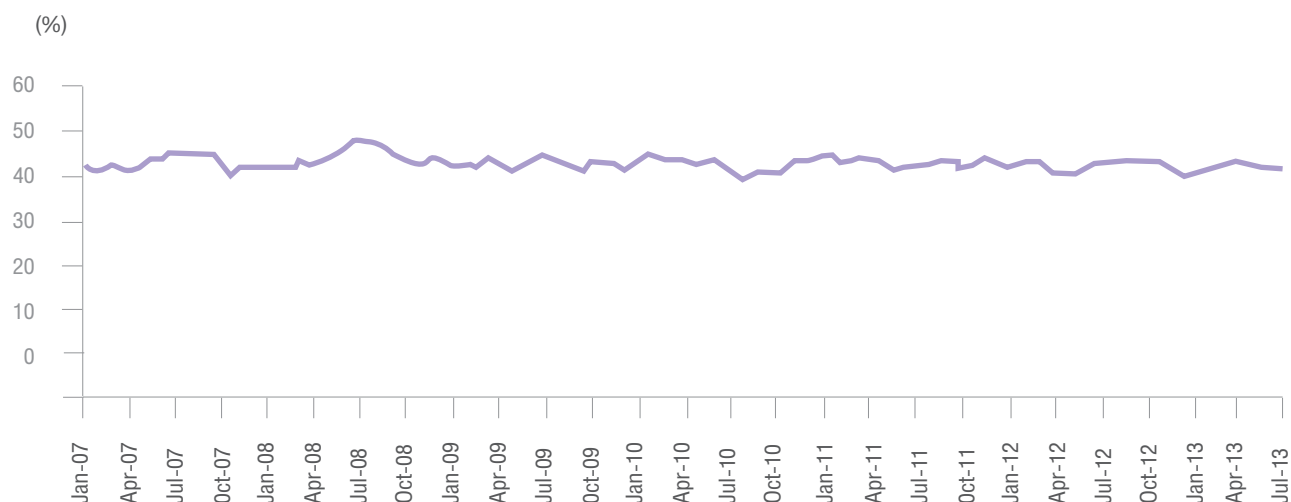
US Cent : Kilogram



Natural Rubber Vs. Synthetic Rubber

Natural Rubber and synthetic rubber are both substitute and complimentary products. Natural Rubber has better elasticity and excellent tear resistance while synthetic rubber shows resilience over a wider range of temperature and better resistance to oils, solvents and other chemicals. Thus, all tyres must be consisted of both Natural Rubber and synthetic rubber. However, high-performance tyres such as racing cars, aircrafts, trucks, and buses need higher proportion of Natural Rubber. Percentage of Natural Rubber consumption to total rubber consumption ranging from 39%-50% over the past six years indicates that there is limitation on substitution between Natural Rubber and synthetic rubber at around 10% no matter of how huge of price gap between these two products is.

Diagram Exhibits Share of Natural Rubber Consumption to Total Rubber Consumption



Competition

“Our long-standing competitiveness in the Natural Rubber industry is attributed to our product quality, our largest production scale, our excellent customer service, our geographical diversification and seasoned management team”

Key Natural Rubber producing and exporting countries are Thailand, Indonesia, Vietnam, and Malaysia. With our 10%* of world market share in 2013, we believe that we are the world’s largest fully integrated Natural Rubber processing company. Our main competitors are Von Bundit Company Limited, Southland Group, and Thai Hua Rubber Public Company Limited who are based in Thailand, The Tat Lee Group and The Kirana Group who are based in Indonesia, and Lee Rubber Group who is based in Malaysia and Indonesia.

Our remarkable size of production has allowed us to create the economies of scale and bargaining power, increase competitive edge for product quality development, and enhance our accessibility to different sources of financing.

Note*: Based on our sales volume of Natural Rubber Products of approximately 1,126,463 tons for the financial year ended 31 December 2013 and the total global demand for Natural Rubber Products of approximately 11,291,000 tons in 2013.

Being a midstream player in Natural Rubber industry, it is crucial to ensure that we are in a position to operate efficiently with upstream and downstream counterparts. We, therefore, strategically set up production base in Thailand and Indonesia, the world's two largest Natural Rubber producing countries collectively contributed approximately 60% of world production. For sales & distribution, we have established subsidiaries in China, Singapore, and the US to carry out sales & distribution activities. With our high standard of quality, we have excellent coverage of world's leading tyre makers as well as other tyre manufacturers throughout the world.

Our multi-national platform and resourceful sales & marketing teams have enabled us to deliver excellent customer services. The customers around the world can reach our customer hotline at all time for Natural Rubber price updates. Moreover, our largest production scale and highly-experienced production team allow us to customize our products to fulfil all customer requirements. For after sale services, we are gearing towards zero complaint by setting up a systematic customer complain process where any complaints will be timely response.

Group of seasoned managements with over 25-year experience in Natural Rubber industry is one of the most important competitiveness that we have over our competitors. To make a precise decision on business direction and daily operation plan, Natural Rubber processors need to have in-depth understanding on numerous related factors such as world macro-economic conditions, demand-supply situations, currency movements, oil price trend, government policy, etc. Thus, we believe that our management team's insights enable us to continually increase our competitive edge and profitability as well as strengthen our market position as a dominant natural rubber player.

Key Strengths



1. Being the world's largest natural rubber processing company with a world market share of 10%

- Capture all possible market segments with full range of Natural Rubber products.
- Benefit from economies of scale.
- Balance the bargaining power with suppliers and customers.
- Enhance accessibility to different sources of fund to support our operation and expansion.

2. Fully integrated Natural Rubber supply chain business model

- Gain direct access to supply and demand information.
- Enable us to respond to changes in market conditions and manage our production and position efficiently.
- Maximise competitive edge and cost efficiency.
- Create potential for business expansion in the future.

3. Well-balanced portfolio with a good coverage of sales and distribution

- Cover all class of customers to serve all demand from every corner of the world.

- Good risk diversification as no single customer accounts more than 6% of our total sale volume.
- Get direct access to end-users to gain demand flow and market sentiment.

4. Having production base in major Natural Rubber producing countries

- Advantage in secure raw material as Thailand and Indonesia are world major Natural Rubber producing countries collectively contributed about 60% of global production.
- Flexible production management from different seasonal period throughout the year.
- Having a rich number of raw material procurement centers to reduce the reliance on intermediaries.

5. Expand upstream to rubber plantation business

- Emphasize on cost leading position.
- Enhance profitability and reduce volatility in earning.
- Create procurement networks for potential raw material from neighboring area.
- Pinpoint strategic locations for midstream factories in the future.

6. Continually expand business to the new territories

- Our newly established company in Vietnam will enable us to expand market coverage in Indochina and gain direct access to Vietnam, the world's third largest Natural Rubber producer.

7. Captained by highly experienced managements

- Led by a group of seasoned managements with over 25-year experience in Natural Rubber industry.

Board of Directors



Dr. Viyavood Sincharoenkul

Chairman/ Managing Director

Age: 58 years

Date of Appointment

27 December 1993

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

None

Present Position

- Chairman, STA
- Managing Director, STA

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Thai Tech Rubber
- Director, SSC
- Director, Semperflex Asia
- Director, Semperform Pacific*
- Director, Anvar Parawood
- Director, Premier System Engineering
- Director, Startex Rubber
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation
- Director, Pattana Agro Futures
- Director, T.R.I. Global Co., Ltd.

Positions in Non-Listed Companies in Foreign Countries

- Director, Sri Trang International
- Director, PT Sri Trang Lingga
- Director, Shanghai Sempermed
- Director, Semperflex Shanghai
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai

Note*: Semperform Pacific was liquidated on 6 November 2013

- Director, Sri Trang USA
- Director, Sempermed Singapore
- Director, Sempermed USA
- Director, Shanghai Semperit
- Director, PT Star Rubber
- Director, Sri Trang Indochina

Work Experience

- 1987 - 1993 Managing Director, Sri Trang Agro-Industry Co., Ltd.
- 1985 - 1987 General Manager, Paktai Rubber Co., Ltd.



Mr. Prasit Panidkul

Vice Chairman/ Executive Director

Age: 66 years

Date of Appointment

27 December 1993

Academic Background

- Executive Micro MBA, Thammasat University

Training Program

- DAP 75/2008 by Thai Institute of Directors Association

Present Position

- Vice-chairman, STA

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Premier System Engineering
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation

Positions in Non-Listed Companies in Foreign Countries

- Director, PT Sri Trang Lingga

Work Experience

- 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.



Mr. Chaiyos Sincharoenkul

Director/ Executive Director

Age: 62 years

Date of Appointment

27 December 1993

Academic Background

- Executive Micro MBA, Thammasat University

Training Program

- DAP 66/2007 by Thai Institute of Directors Association

Present Position

- Director, STA

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Premier System Engineering
- Director, Startex Rubber
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation
- President of the Thai Rubber Association
- Director, The Federations of Thai Industries

Positions in Non-Listed Companies in Foreign Countries

- Director, PT Sri Trang Lingga
- Director, Shanghai Sempermed
- Director, Semperflex Shanghai
- Director, Sempermed Singapore
- Director, Shanghai Semperit
- Director, Shi Dong Shanghai

Work Experience

- 2008 - 2011 Chairman, The Federations of Thai Industries, Songkhla Province
- 1987 - 1993 Director, Sri Trang Agro-Industry Co., Ltd.



Mr. Anan Pruksanusak

Director/ Executive Director

Age: 59 years

Date of Appointment

5 November 1993

Academic Background

- Executive Micro MBA, Thammasat University

Training Program

- DAP 66/2007 by Thai Institute of Directors Association

Present Position

- Director, STA*

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

- Director, Rubberland Products*
- Director, Nam Hua Rubber
- Director, Sadao P.S. Rubber
- Director, Anvar Parawood
- Director, Premier System Engineering*
- Director, Startex Rubber
- Director, Starlight Express Transport

Positions in Non-Listed Companies in Foreign Countries

- Director, Semperflex Shanghai
- Director, Sempermed Singapore

Note*: The resignation of Mr. Anan Pruksanusak as a director and executive director of STA as well as a director of Rubberland Products and Premier System Engineering was effective from 13 May 2013 onwards.



Mr. Kitichai Sincharoenkul

Director/ Executive Director/
Nomination Committee Member

Age: 54 years

Date of Appointment

10 April 1995

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

Present Position

- Executive Director, STA Bangkok branch
- Director, STA
- Manager of legal and administration, STA

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

- Director, Sadao P.S. Rubber
- Director, Siam Sempermed
- Director, Semperflex Asia
- Director, Semperform Pacific*
- Director, Sri Trang Rubber & Plantation
- Director, Pattana Agro Futures

Positions in Non-Listed Companies in Foreign Countries

- Director, Shanghai Sempermed
- Director, Semperflex Shanghai
- Director, Sri Trang International
- Director, Shi Dong Investments
- Director, Sri Trang USA
- Director, Sempermed Singapore
- Director, Sempermed USA
- Director, Sri Trang Indochina

Work Experience

- 1988 – 2006 Branch Manager, STA
- 1984 – 1987 Credit Department of Citibank

Note*: Semperform Pacific was liquidated on 6 November 2013



Mr. Veerasith Sinchareonkul

Director / Chairman of Risk Management Committee

Age: 29 years

Date of Appointment

28 April 2010

Academic Background

- Master of Business Administration (Finance and Marketing), Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand
- Bachelor of Computer Science and Cybernetics, University of Reading, United Kingdom

Training Program

- DAP 85/2010 by Thai Institute of Directors Association
- TLCA Executive Development Program (EDP) class 10

Present Position

- Director, STA

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

- Director, Semperflex Asia
- Director, Semperform Pacific*
- Director, Rubberland Products

Positions in Non-Listed Companies in Foreign Countries

- Director, Shanghai Sempermed

Work Experience

- 2008 – 2011 Corporate Credit Analyst, Kasikorn Bank Plc.

Note*: Semperform Pacific was liquidated on 6 November 2013



Mr. Paul Sumade Lee

Director/ Executive Director

Age: 59 years

Date of Appointment

28 June 2010

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

Present Position

- Marketing Manager, STA

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

- Director, Thai Tech Rubber

Positions in Non-Listed Companies in Foreign Countries

- Chairman, Sri Trang International
- Director, PT Star Rubber
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai Rubber Co., Ltd.
- Director, PT Sri Trang Lingga
- Director, Sri Trang USA
- Director, Sri Trang Indochina

Work Experience

-



Mr. Prakob Visitkitjakarn

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

Age: 73 years

Date of Appointment

27 December 1993

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

Present Position

- Chairman of Audit Committee and Independent Director, STA

Positions in Other Listed Companies

- Independent Director and Chairman of Audit Committee, ARIP PLC.
- Director, Lease It PLC.

Positions in Non-Listed Companies in Thailand

None

Positions in Non-Listed Companies in Foreign Countries

None

Work Experience

- 1999 - 2011 Independent Director and Chairman of the Audit Committee, Siam City Cement PLC.
- 1999 - 2008 Audit Committee, STA
- 1999 - 2002 Executive Vice President, Bank of Ayudhya Public Company Limited



Mr. Kriang Yanyongdilok

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

Age: 75 years

Date of Appointment

25 January 2000

Academic Background

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

Training Program

- DAP 11/2004 by Thai Institute of Directors Association

Present Position

- Independent Director and Audit Committee, STA
- Certified Public Accountant (Thailand) No. 4250

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

None

Positions in Non-Listed Companies in Foreign Countries

None

Work Experience

- 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



Mr. Samacha Potavorn

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

Age: 70 years

Date of Appointment

1 February 2008

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

Present Position

- Independent Director, Audit Committee, and Remuneration Committee, STA

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

- University Council, Rajamangala University of Technology Srivijaya

Positions in Non-Listed Companies in Foreign Countries

None

Work Experience

- 2006 – 2008 Assistant Secretary to Minister of Interior
- 2006 – 2008 Governor, Phang-nga province
- 2003 – 2004 Legal counsel, Ministry of Interior
- 2000 – 2002 Assistant Secretary, Vice-Director of Southern Border Provinces Administration Center, Ministry of Interior
- 1997 – 2000 Vice-Governor, Pattalung Province, Trang Province
- 1996 - 1997 Assistant Governor
- 1984 – 1996 Sheriff
- 1969 – 1983 Assistant District Officer



Mr. Neo Ah Chap

Independent Director

Age: 69 years

Date of Appointment

28 June 2010

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

Present Position

- Independent Director, STA

Positions in Other Listed Companies

None

Positions in Non-Listed Companies in Thailand

None

Positions in Non-Listed Companies in Foreign Countries

None

Work Experience

- 1998 – Present Sole-proprietor of NAC Consultancy Services
- 1998 – 2009 Executive Director of Tan Chong International Ltd.
- 1971 – 2009 Marketing Director of Tan Chong & Sons Moto Company (Singapore) Private Limited

Executive Management



Mrs. Prapai Srisuttiaphong

Procurement Manager

Age: 60 years

Academic Background

- Vocational Certificate in Accountancy from the Polytechnic Bangkok College

Training Program

None

Director Position in Other Companies

None

Work Experience

- 2005 – present Procurement Manager, STA
- 1997 - 2004 Head of Accounting, Raw Materials Verification Division, STA
- 1993 - 1996 Accountant, STA



Mr. Chalernpop Khanjan

Production Manager

Age: 43 years

Academic Background

- Diploma in General Management from Industrial and Community Education College

Training Program

None

Director Position in Other Companies

None

Work Experience

- 2006 – Present Production Manager, Rubberland Products
- 1998 - 2005 Factory Manager, Rubberland Products
- 1994 - 1997 Assistant to TTR Factory Manager, STA



Mr. Asom Aksornnam

Production Manager

Age: 46 years

Academic Background

- Bachelor of Science (General Science), Prince of Songkhla University

Training Program

None

Director Position in Other Companies

None

Work Experience

- 2009 - Present Factory Manager, Siam Sempermed
- 2004 - 2008 Factory Manager, Shanghai Sempermed
- 1998 - 2003 Factory Manager, Siam Sempermed
- 1995 - 2007 Production Manager, Siam Sempermed
- 1989 - 1994 Line Chemist, Siam Sempermed



Mr. Chaidet Pruksanusak

Quality Assurance Manager

Age: 45 years

Academic Background

- Diploma in Finance and Banking, Bangkok Commercial College

Training Program

None

Director Position in Other Companies

None

Work Experience

- 2009 - Present Quality Assurance Manager, STA
- 2000 - Present Director, Prueksa Rubber
- 2007 - 2008 Coordinated Officer, STA
- 1999 - 2006 Factory Manager, STA



Mr. Patrawut Panitkul

Chief Financial Officer (CFO)

Age: 45 years

Academic Background

- Bachelor of Accounting , Prince of Songkhla University

Training Program

None

Director Position in Other Companies

None

Work Experience

- 2010 - Present Accounting and Financing Manager, STA
- 2001 - 2009 Accounting Manager, STA
- 1989 - 2000 Accounting Manager, Siam Sempermed



Miss Lim Li Ping

Controller

Age: 41 years

Academic Background

- Certified Public Accountant (Australia)
- Diploma in Accountancy, Ngee Ann Polytechnic, Singapore
- Bachelor of Business (Accountancy), Royal Melbourne Institute of Technology

Training Program

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

Director Position in Other Companies

None

Work Experience

- 2009 – Present Controller, Sri Trang International
- 2002 - Present Accounting Manager and General Manager, Sri Trang International
- 2001 Assistant Accounting Manager, Clarent Singapore Pte Ltd.
- 1993 - 2000 Senior Accountant, Glenayre Electronics (S) Pte Ltd.



Mr. Rattapong Laparojkit

Engineering Manager

Age: 40 years

Academic Background

- Bachelor of Civil Engineering Technology, University of Southern Colorado at Pueblo, United States

Training Program

None

Director Position in Other Companies

None

Work Experience

- 2009 - Present Engineering Manager, Premier System Engineering
- 2003 - 2009 System Engineering Manager, Premier System Engineering
- 2001 - 2003 Factory Manager, Premier System Engineering
- 2000 - 2001 Assistant to Factory Manager, Premier System Engineering



Mr. Phanlert Wangsuphadilok

Engineering Manager

Age: 42 years

Academic Background

- Master of Engineering, King Mongkut's University of Technology Thonburi
- Bachelor of Engineering, Kasem Bundit University

Training Program

None

Director Position in Other Companies

None

Work Experience

- 2009 - Present System Engineering Manager, Premier System Engineering
- 2006 - 2009 Factory Manager, Semperflex Asia
- 1998 - 2006 Production Manager, Semperflex Asia



Mr. Udom Pruksanusak

Human Resources Manager

Age: 52 years

Academic Background

- Master of Agriculture, Kasetsart University
- Bachelor of Agriculture, Prince of Songkhla University

Training Program

None

Director Position in Other Companies

- Director, Prueksa Rubber Co., Ltd.
- Director, Prueksa Isarn Co., Ltd.

Work Experience

- 2000 - Present Human Resources Manager, Siam Sempermed
- 1998 - 1999 Factory Manager, Semperflex Asia
- 1998 - 1997 Production Manager, Siam Sempermed



Miss Nuchanart Chaiyarat

Human Resources Manager

Age: 46 years

Academic Background

- Bachelor of Marketing Science, Prince of Songkhla University

Training Program

None

Director Position in Other Companies

None

Work Experience

- 2008 - Present Human Resources Manager, STA
- 2000 - 2007 Purchasing Manager, Siam Sempermed

Management Structure

Committees of STA

As of 31 December 2013, the corporate structure of STA consists of six committees which are the Board of Directors of STA, the Audit Committee, the Executive Committee, the Nominating Committee, the Remuneration Committee, and the Risk Management Committee.

The Board of Directors of STA

As of 31 December 2013, the Board of Directors of STA consists of 10 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. Kitichai Sincharoenkul	Director/ Executive Committee/ Nominating Committee member	Executive Director
5. Mr. Paul Sumade Lee	Director/ Executive Committee	Executive Director
6. Mr. Veerasith Sinchareonkul	Director/ Chairman of the Risk Management Committee	Non-Executive Director
7. Mr. Prakob Visitkitjakarn	Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director
8. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member/ Chairman of the Nominating Committee/ Remuneration Committee member	Non-Executive Director
9. Mr. Samacha Potavorn	Independent Director/ Audit Committee member/ Nominating Committee member/ Remuneration Committee member	Non-Executive Director
10. Mr. Neo Ah Chap	Independent Director	Non-Executive Director

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

Note*: The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

Authorized Directors of STA

Any two of six of the following directors of the Company, Mr. Viyavood Sincharoenkul, Mr. Chaiyos Sincharoenkul, Mr. Prasit Panidkul, Mr. Kitichai Sincharoenkul, Mr. Veerasith Sinchareonkul and Mr. Lee Paul Sumade, shall jointly sign with STA's seal affixed.

Honorary Advisor of the Company

The Board of Directors Meeting No. 2/2012 held on 9 March 2012 resolved to approve the continuance of the engagement of Mr. Somwang Sincharoenkul as the Honorary Advisor of STA for another 2 years. 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.

Mr. Somwang Sincharoenkul does not have any participation in the Company's operation. His remuneration starting from 6 May 2012 to 6 May 2014 is Baht 400,000 per month or Baht 4,800,000 per year. This transaction is considered as a connected transaction which continues to be carried out in the future.

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 of STA 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, its Articles of Association and shareholders' 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 in every three months.

2. Review and Approve the Appropriate Policies

The Board of Directors of STA is responsible for proposing, reviewing and approving STA's policies and business direction.

3. Supervision of the Executive Committee

The Board of Directors of STA shall supervise the Executive Committee to ensure that the policies set out are followed efficiently and that they notify 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, the SET and the SGX-ST.

If necessary, the Board of Directors of STA may appoint the 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 as well as the SET and SGX-ST 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 of STA:

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 ten Directors, four of whom are Independent Directors. The Company has five 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. Not having any relationship with (a) STA; (b) STA's holding company, subsidiary or fellow subsidiary; (c) any person who has an interest or interests in one or more voting shares in STA and the total votes attached to that share, or those shares, is not less than ten percent of the total votes attached to all the voting shares in STA ("10% Shareholder"); and/or (d) STA's officers, that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to the best interests of STA.
3. Neither being nor having an immediate family member who is or was, in the current or immediate past financial year, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which STA or any of its subsidiaries made, or from which STA or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.
4. Not being nor having been directly associated with a ten percent shareholder of STA in the current or immediate past financial year.
5. 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 three financial years prior to the appointment as an independent director. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor(s) of a government unit which is a major shareholder or controlling person of STA.
6. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, of a director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of STA or its subsidiary company.
7. Not have an immediate family member including spouse, child, adopted child, stepchild, brother, sister and parent, who is, or has been in any of the past three financial years, employed by the Company or any of its related companies and whose remuneration is determined by the remuneration committee.

8. Not being a director or having an immediate family member including spouse, child, adopted child, stepchild, brother, sister, and parent, accepting any compensation from STA or any of its related corporations for the provision of services, other than compensation for board service, for the current or immediate past financial year.
9. 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 appointment as an independent director.
10. 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 appointment as an independent director.
11. 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 appointment as an independent director.
12. Not being a director appointed as representative of directors of STA, major shareholder or shareholder who is related to a major shareholder, or a director who is or has been directly associated with a 10% Shareholder, in the current or immediate past financial year. A director will be considered “directly associated” with a 10% Shareholder when the director is accustomed or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% Shareholder in relation to the corporate affairs of STA.
13. 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.
14. 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 of STA are more stringent than 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 2012 in determining independence.

The Board of Directors is of the opinion that both Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok, who have served as Independent Directors for STA beyond nine years, should continue to serve as Independent Directors of STA as they have the qualifications required by the Capital Market Supervisory Board and Code of Corporate Governance 2012 and do not have any characteristics which would cause them to be unable to express their independent opinions with regard to STA's business operations. During their respective terms of appointment, both Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok have performed their duty as Audit Committee and Remuneration Directors for the benefit and the good governance of the Company.

Executive Committee

As of 31 December 2013, the Executive Committee consisted of 5 Directors* as shown below.

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

Note*: The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

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 at a 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 2013, 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 Krungtaenmuang 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, the rules of SGX-ST, 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, the rules of SGX-ST, or the laws relating to the STA's business;

- (4) an opinion on the suitability of the auditor of STA;
 - (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 Thailand and Singapore, the rules of the SET and SGX-ST, or other relevant regulations which has or is likely to have a material impact on the 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.

Nominating Committee

As of 31 December 2013, 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 the Board of Directors of STA for the appointment of Directors.
2. Reviewing and recommending nominations for appointment, re-appointment or re-election or renewal of appointment of the 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 of STA. 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 shareholders, respectively, for further approval.

The resolution of the meeting of shareholders for the appointment 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 2013, 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 the 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 acts as delegated by the Board of Directors.

Risk Management Committee

As of 31 December 2013, the Risk Management Committee consists of 5 Directors as follows:

Name	Position
1. Mr. Veerasith Sinchareonkul	Chairman of the Risk Management Committee
2. Mr. Chaidet Pruksanusak	Risk Management Committee
3. Mr. Chalernpop Khanjan	Risk Management Committee
4. Mr. Patrawut Panitkul	Risk Management Committee
5. Mr. Nattee Touchamongkon	Risk Management Committee

Mr. Kitipong Phetkul is a Secretary of Risk Management Committee.

Scope of Duties and Responsibilities of the Risk Management Committee

1. Review policy and specify the risk management framework.
2. Recommend solutions for the risk management of all departments.
3. Monitor and evaluate risks and approve roles and responsibilities regarding the risk management for each relevant units.

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 2013 are as follows:

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors		Executive Committee		Audit Committee	
	2013	(%)	2013	(%)	2013	(%)
1. Mr. Viyavood Sincharoenkul	4/4	100	6/6	100	-	-
2. Mr. Prasit Panidkul	4/4	100	6/6	100	-	-
3. Mr. Chaiyos Sincharoenkul	4/4	100	6/6	100	-	-
4. Mr. Anan Pruksanusak*	1/1	100	6/6	100	-	-
5. Mr. Kitichai Sincharoenkul	4/4	100	6/6	100	-	-

Note*: The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors		Executive Committee		Audit Committee	
	2013	(%)	2013	(%)	2013	(%)
6. Mr. Paul Sumade Lee	3/4	75	6/6	100	-	-
7. Mr. Veerasith Sinchareonkul	4/4	100	-	-	-	-
8. Mr. Prakob Visitkitjakarn	4/4	100	-	-	8/8	100
9. Mr. Kriang Yanyongdilok	4/4	100	-	-	8/8	100
10. Mr. Samacha Potavorn	4/4	100	-	-	8/8	100
11. Mr. Neo Ah Chap	4/4	100	-	-	-	-

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Nominating Committee		Remuneration Committee		Risk Management Committee	
	2013	(%)	2013	(%)	2013	(%)
1. Mr. Viyavood Sincharoenkul	-	-	-	-	-	-
2. Mr. Prasit Panidkul	-	-	-	-	-	-
3. Mr. Chaiyos Sincharoenkul	-	-	-	-	-	-
4. Mr. Anan Pruksanusak*	-	-	-	-	-	-
5. Mr. Kitichai Sincharoenkul	1/1	100	-	-	-	-
6. Mr. Paul Sumade Lee	-	-	-	-	-	-
7. Mr. Veerasith Sinchareonkul	-	-	-	-	1/1	100
8. Mr. Prakob Visitkitjakarn	-	-	2/2	100	-	-
9. Mr. Kriang Yanyongdilok	1/1	100	2/2	100	-	-
10. Mr. Samacha Potavorn	1/1	100	2/2	100	-	-
11. Mr. Neo Ah Chap	-	-	-	-	-	-

Note*: The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

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

As of 31 December 2013, 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. Kitichai Sincharoenkul	Director and Manager of Legal and Administration
5. Mr. Paul Sumade Lee	Director and Manager of Sales and Marketing
6. Mr. Veerasith Sinchareonkul	Director
7. Mr. Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee
8. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
9. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee
10. Mr. Neo Ah Chap	Independent Director
11. Mrs. Prapai Srisuttiiphong	Group Procurement Manager
12. Mr. Chalernpop Khanjan	Co-Group Production Manager
13. Mr. Arsom Aksornnam	Co-Group Production Manager
14. Mr. Chaidet Pruksanusak	Group Quality Assurance Manager
15. Mr. Rattapong Laparojkit	Co-Group Engineering Manager
16. Mr. Phanlert Wangsuphadilok	Co-Group Engineering Manager
17. Mr. Udom Pruksanusak	Co-Group Human Resource Manager
18. Ms. Nuchanart Chaiyarat	Co-Group Human Resource Manager
19. Ms. Lim Li Ping	Controller
20. 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 above mentioned 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, who had an appropriate qualification, graduated in accounting, passed the company secretary training program and other related training programs, as well as possessed skill, knowledge, understanding in business, laws and other related regulations, as the Company Secretary (the “Company Secretary”) by having the duties and responsibilities as provided in the Securities and Exchange Act, including providing advices 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 in the Securities and Exchange Act.

Remuneration of Directors and Executive Officers

Financial Remuneration

(1) Directors’ Fees

For the fiscal year ended 31 December 2013, STA paid the directors’ fees to the Directors in the amount of Baht 5,722,200 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 2013
1. Mr. Viyavood Sincharoenkul	633,600
2. Mr. Prasit Panidkul	475,200
3. Mr. Chaiyos Sincharoenkul	475,200
4. Mr. Anan Pruksanusak*	178,200
5. Mr. Kitichai Sincharoenkul	475,200
6. Mr. Paul Sumade Lee	475,200
7. Mr. Veerasith Sinchareonkul	475,200
8. Mr. Prakob Visitkitjakarn	792,000
9. Mr. Kriang Yanyongdilok	633,600
10. Mr. Samacha Potavorn	633,600
11. Mr. Neo Ah Chap	475,200

Note*: The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

(2) Remuneration of the Directors and Executive Officers

For the fiscal year ended 31 December 2013, STA paid remuneration to the Executive Directors and Executive Officers, totaling 20 persons, in the amount of Baht 282,655,723.50 of which Baht 28,310,978 was paid to the top five key management personnel who are not directors or the CEO. Such remuneration was in the form of salary, bonus and other compensation.

Fees and 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* for year ended 31 December 2013, are as follows:

Name	Amount of Remuneration Paid by STA	Salary (%)	Bonuses (%)	Director's Fee (%)	Total (%)
1. Mr. Viyavood Sincharoenkul	Band T	31.12	68.32	0.56	100
2. Mr. Prasit Panidkul	Band B	53.39	42.32	4.29	100
3. Mr. Chaiyos Sincharoenkul	Band C	31.85	64.98	3.17	100

Name	Amount of Remuneration Paid by STA	Salary (%)	Bonuses (%)	Director's Fee (%)	Total (%)
4. Mr. Anan Pruksanusak	Band B	9.57	88.31	2.12	100
5. Mr. Kitichai Sincharoenkul	Band C	42.41	54.70	2.89	100
6. Mr. Paul Sumade Lee	Band J	14.70	84.50	0.80	100
7. Mr. Veerasith Sinchareonkul	Band A	49.17	19.67	31.16	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
Top five Executive Officers					
1. Mrs. Prapai Srisuttiiphong	Band B	22.43	77.57	-	100
2. Mr. Patrawut Panitkul	Band A	20.76	79.24		100
3. Mr. Rattapong Laparojkit	Band A	42.18	57.82		100
4. Ms. Lim Li Ping	Band A	85.55	14.45	-	100
5. Mr. Chalernpop Khanjan	Band A	60.91	39.09	-	100

Note*:

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.

Band E means between SGD 1,000,001 and SGD 1,250,000.

Band F means between SGD 1,250,001 and SGD 1,500,000.

Band G means between SGD 1,500,001 and SGD 1,750,000.

Band H means between SGD 1,750,001 and SGD 2,000,000.

Band I means between SGD 2,000,001 and SGD 2,250,000.

Band J means between SGD 2,250,001 and SGD 2,500,000.

Band K means between SGD 2,500,001 and SGD 2,750,000.

Band L means between SGD 2,750,001 and SGD 3,000,000.

Band M means between SGD 3,000,001 and SGD 3,250,000.

Band N means between SGD 3,250,001 and SGD 3,500,000.

Band O means between SGD 3,500,001 and SGD 3,750,000.

Band P means between SGD 3,750,001 and SGD 4,000,000.

Band Q means between SGD 4,000,001 and SGD 4,250,000.

Band R means between SGD 4,250,001 and SGD 4,500,000.

Band S means between SGD 4,500,001 and SGD 4,750,000.

Band T means between SGD 4,750,001 and SGD 5,000,000.

Remuneration bands are based on the average (Baht: SGD) foreign exchange rates for the stipulated year, being SGD 1 to Baht 24.5528.

Compensation includes benefit-in-kinds and compensation that has already been paid includes any deferred compensation accrued for the financial year in question and payable at a later date. The estimated amount of compensation payable in the current financial year includes bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

Sri Trang International Pte. Ltd. have entered into employment agreements with each of our Directors, Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee. Each of these employment agreements does not have a fixed term of employment.

Pursuant to their respective employment agreements, each of Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee will be entitled to the following:

- A monthly salary and a variable bonus, as determined by the Profit Incentive Scheme (as defined below); and
- Coverage of all reasonable business expenses incurred or paid.

Profit Incentive Scheme

Each of our Directors, Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee are entitled to participate in a profit incentive scheme (the “Profit Incentive Scheme”) in respect of each financial year of our subsidiary, Sri Trang International.

Under the Profit Incentive Scheme, in respect of each financial year, if the board of directors of Sri Trang International determines that there is a surplus (“Surplus”) after deducting (i) 10% of Sri Trang International’s issued and paid-up capital, or such other amount as may be determined by the board of directors of Sri Trang International, at their sole discretion, from time to time, (ii) 5% of any retained profits as at the beginning of the relevant financial year and (iii) accumulated losses as at the beginning of the relevant financial year, from Sri Trang International’s profit after tax (as reflected in its audited accounts), 20% of such Surplus will be payable under the Profit Incentive Scheme.

Other Remunerations

In 2013, the Company has paid the contribution of provident fund for the Board of Directors and Executive Officers as follows:

	Total list	Amount (Baht)
Contribution of provident fund	20	2,362,239

Employees' retirement benefits

The Company provides employees' retirement benefits to employees in accordance with Thai labor laws. Such benefit amount depends on the salary base and number of years working for the company until the termination date.

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
1. Dr. Viyavood Sincharoenkul	Director	27 December 1993	27 April 2012
2. Mr. Prasit Panidkul	Director	27 December 1993	25 April 2013
3. Mr. Chaiyos Sincharoenkul	Director	27 December 1993	28 April 2011
4. Mr. Anan Pruksanusak*	Director	5 November 1993	28 April 2011
5. Mr. Kitichai Sincharoenkul	Director	10 April 1995	27 April 2012
6. Mr. Paul Sumade Lee	Director	28 June 2010	25 April 2013
7. Mr. Veerasith Sinchareonkul	Director	28 April 2010	25 April 2013
8. Mr. Prakob Visitkitjakarn	Independent Director	27 December 1993	27 April 2012
9. Mr. Kriang Yanyongdilok	Independent Director	25 January 2000	28 April 2011
10. Mr. Samacha Potavorn	Independent Director	1 February 2008	27 April 2012
11. Mr. Neo Ah Chap	Independent Director	28 June 2010	25 April 2013

Note*: The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

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 of STA. 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 2012 as well as the Code of Corporate Governance 2012. 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 2012

STA has established and reviewed principles for good corporate governance in accordance with the Principle of Good Corporate Governance for Listed Companies of 2012 as prescribed by the SET. The details of 5 principles of good corporate governance areas including the practices for non-infringement of intellectual property that are appropriate for current business environment which 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.

(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 at 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 soon after 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 in Singapore holding shares through the CDP 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") in advance approximately 30 days prior to the meeting date. Moreover, STA has assigned Thailand Securities Depository Co., Ltd. (TSD) and CDP as its securities registrar to dispatch the meeting invitation and other related documents to shareholders at least 21 days prior to the meeting.

- (4) **Equal 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 Company and the auditors' report.

2. Fair Treatment of Shareholders

STA has the policies of fair and equitable treatment to all groups of shareholders including institutional investors, foreign investors, and retail 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. Chairman of the Board, the respective Chairman of the Audit, Remuneration, Nominating Committees, and Risk Committees, and each director usually are present and are available to address shareholders' queries at these meetings. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. 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, equally, 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 and the SGX-ST 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 makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages and keeps 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 (e-mail: corporatesecretary@sritranggroup.com) or the Investor Relations Office (e-mail: ir@sritranggroup.com or telephone number: +662-207-4500).

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. Since 2013, the Board of Directors has reviewed the policies in relation to stakeholders and has established the policies concerning the non-infringement of intellectual property such as copyright, patent, and trademark as well as the whistleblower policy which has specified the channels of notice or complaint, operating procedure, and guidelines for the protection of claimer(s) in the Company's website.

The followings are details of policies in connection with stakeholders:

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.

In January 2013, the Company has established the employee provident fund of which only permanent employees are entitled to apply for with an alternative to pay the contribution at the fixed rate or at the rate equal to the contribution paid by the Company. The contribution rate paid by the Company depends on years of services of each employee. The employee will receive such provident fund benefit on their termination of employment except for the case of termination without compensation.

Safety information of employees in 2013

Details of work accident statistics in 2013 are as follows:

	Accident Statistics (Times)	Percentage*
No. lost time accidents	87	1.28
Less than 3 days of lost time accidents	90	1.32
More than 3 days of lost time accidents	79	1.16
Dismemberment for body parts	3	0.04
Disabled	0	0
Death	0	0

Note*: Computed based on the number of the Company's weighted average employee for the year 2013 at 6,812.

Customers:

STA is committed to creating 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 Code of Business Conduct under Conduct of Relations to the Customers.

Business Partners:

STA has the policy to screen business partners and purchases goods and services from such business partners pursuant to commercial conditions. The Company 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 Company's website.
- (4) The Board of Directors of STA has a duty to report its corporate governance policy through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2) and the Company's website.
- (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 Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

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: +66-2207-4500, Fax +66-2108-2244, 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 of STA 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 10 directors, including four independent directors who are fully qualified under the notifications of the Capital Market Supervisory Board and the SET.

Moreover, in compliance with the principles of good corporate governance and in order to ensure the Directors' effectiveness of work, the Board of Directors has established the policy that the Directors should not hold directorship positions for 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 further 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

The Board of Directors has passed a resolution to appoint Mrs. Pacharin Anuwongwatanachai as 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, the Nominating Committee, and the Risk Management 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 of STA, 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 the Company.

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. The meeting schedule shall be prepared in advance and notified to all directors for their acknowledgement. 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

STA usually provides an orientation to the newly appointed director so that such Director can discharge his/her duties effectively. The Company Secretary will liaise with the Directors in any matters such as affidavit, Articles of Association, manual of director in Annual Registration Statement (Form 56-1), working system information within the Company, and other related laws and regulations.

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.

Moreover, STA has the policy to support the Directors and the Executive Officers to join the useful training program related to their duty. In 2013, the Company has arranged the training program “Behavioral Selling Series” for the Directors, the Executive Officers, and employees.

(7) Assessment of the Directors’ Performance

STA has conducted the Directors’ Self-Assessment where the assessment form is in accordance with the good corporate governance so that the assessment results can be further used to develop the performance of the Directors. Two types of assessment form are;

- The Board Assessment Form (Assessment of the Board as a whole)
- Individual Board Member Assessment Form (Self-Assessment)

The guideline for the assessment grading for each area is as follows:

More than 90% = Excellent

More than 80% = Very good

More than 70% = Good

More than 60% = Fair

Less than 50% = Poor

The assessment results can be summarized as follows:

1. The Board Assessment Form (Assessment of the Board as a whole) consists of 6 areas; structure and qualification of the Board of Directors, roles, duties and responsibilities of the Board of Directors, the Board's meetings, the Board's performance of duties, relationship with management, and self-development of the Directors as well as the development of Executive Officers.

Overall assessment results for Board Self-Assessment (Assessment of the Board as a whole) in 6 areas represent a very good performance with an average score of 89.91%.

2. Individual Board Member Assessment Form (Self-Assessment) consists of 4 areas; responsibility on their decisions and actions as well as the effective performance of their duties, fair and equitable treatment to the stakeholders, transparency and traceability of work with the disclosure of information, and level of Principles of Business Ethics as well as Code of Business Conduct on their business operation.

Overall assessment results for Individual Board Member Assessment (Self-Assessment) in 4 areas represent an excellent performance with an average score of 90.57%.

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 the Company 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 the Company 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, the Company deems such violation as warranting a disciplinary penalty according the working rules of the Company.

4. The directors, executives, staff members and employees of the Company 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 STA's securities for short-term considerations.

The aforementioned policy has been acknowledged to the Directors, the Executive Officers, and employees through our internal communication channel (Intranet website).

Principles of Good Corporate Governance under the Code of Corporate Governance 2012

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 FY2013 are disclosed in the table set out under "Details of Attendance for the Meetings of the Board of Directors and Board Committees".

Certain material corporate actions such as quarterly results announcements, annual results and financial statements, declaration of dividends, convening of shareholders' meetings, authorization of merger and acquisition transactions, and other material transactions that exceed the authority of the Executive Board and MD will require the Board's approval. The Board of Directors also consider and approve any transactions, including but not limited to related party transaction and the acquisition/disposal of assets of the Company, that are required by the SET and the SGX-ST.

STA has made available resources for Directors to receive training in any relevant specific area to enable them to discharge their duties with due care and diligence.

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 the independence of the Directors of STA, 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 in "Scope of Duties and Responsibilities of the Nominating Committee"

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business

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

Notwithstanding the above, 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.

Furthermore, 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 and re-appointment of directors to the Board

The Nominating Committee comprises a majority of Independent Directors, including the Chairman. The members of the Nominating Committee are Mr. Kriang Yanyongdilok, Mr. Samacha Potavorn and Mr. Kitichai Sincharoenkul. The Chairman of the Nominating Committee is Mr. Kriang 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 of STA 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 and other major appointments by the Directors are set out below:

Name of Director	Present		Three Preceding Years (2011 – 2013)	
	Name of Company	Position	Name of Company	Position
Mr. Prakob Visitkitjakarn	ARIP PLC	Independent Director and Chairman of the Audit Committee	ARIP PLC	Independent Director and Chairman of the Audit Committee
			Siam City Cement PLC	Director and Chairman of the Audit Committee
Mr. Neo Ah Chap	NAC Consultancy Services	Sole-Proprietor	-	-

BOARD PERFORMANCE

Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board

Details of the Board Self-Assessment and Individual Board Member Assessment are set out under the section “Assessment of the Directors’ Performance” under responsibility of the Board 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 policies, 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 Directors and Executive Officers” for information on the remuneration of the Company’s Directors and Executive Officers.

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.

STA usually holds an annual investor forum in Singapore so that shareholders in Singapore holding shares through the CDP can have an opportunity to meet with the Directors of STA. The representation of the Board at the forum will include at the minimum, the Managing Director, two other Executive Directors

The remuneration of employees who are immediate family members of Directors for the year ended 31 December 2013 are as follows:

Name	Relationship	Remuneration Band [*]
Mrs. Promsuk Sinchareonkul	Spouse of Dr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company	Band IV
Mr. Anek Pruksanusak	Brother of Mr. Anan Pruksanusak ^{**} , Director of the Company	Band I
Mr. Somboon Pruksanusak	Brother of Mr. Anan Pruksanusak ^{**} , Director of the Company	Band I

Note:

* Remuneration Band

- Band I means remuneration between SGD 50,001 and SGD 100,000
- Band II means remuneration between SGD 100,001 and SGD 150,000
- Band III means remuneration between SGD 150,001 and SGD 200,000
- Band IV means remuneration between SGD 200,001 and SGD 250,000

** The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

and two Independent Directors, one of whom will be the Lead Independent Director. Shareholders will be informed with operating results of STA and will be given the opportunity to air their views and ask the Directors any questions they may have.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Sound system of risk management and internal controls

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 STA presents its income statement in Baht, it generally benefits in the event the US Dollar appreciates against the Baht. STA 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. STA 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 STA'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 assesses the creditworthiness of the banks and financial institutions with which 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.

In 2013, the Board of Directors has appointed the Risk Management Committee who has responsibilities to set the policy and control the Company's internal risk. Details are set out under "the Risk Management Committees".

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 annual 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. The Board of Directors also annually reviews the adequacy and effectiveness of the Company's internal control systems.
- **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 regular management meeting 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** – STA has moved towards "IT governance" to manage and control its IT system efficiently with IT risk management system based on international standard level. The goal and plan of the IT system are set based on the nature of STA's business and conforms with related laws and regulations. To minimize the incidences of errors or misleading information, users can only access the IT system through the channel provided by STA. In addition, STA provides backup and IT continuity plan in preparation for an emergency event. Nowadays, 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 Reporting** – Each business unit reports its operating performance to the management every month. 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 for 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 implementation. Through the 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.

- **Internal audit** – The internal audit system of the Company is sufficient to examine the proper operation of each business unit and to build a confidence on information provided in the report. As assigned by the Board of Directors, the Audit Committee oversees the effectiveness of internal audit functions. The Internal Audit Department sets up the generally accepted risk based approach and functions their audit independently. The result of internal audit is directly reported to the Audit Committee on regular basis or at least quarterly basis.

The Board of Directors with the concurrence of the Audit Committee is of the opinion that the Company's internal controls in the past year are adequate and effective. The details are set out under "Audit Committee Report".

The Board of Directors have received assurance from the MD and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the effectiveness of the Company's risk management and internal control systems. The details are set out under "Report of the Board of Director's Responsibility for the Financial Reports".

Principle 12: 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 have meeting quarterly and privately meet with the internal audit team and external auditors at least once a year without the presence of management to review the adequacy of audit arrangement, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors. The Audit Committee has the duties and responsibilities as set out under "Scope of Duties and Responsibilities of the Audit Committee".

INTERNAL AUDIT

Principle 13: Establishment of an effective internal audit function that is adequately resourced and independent of the activities it audits.

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

STA'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 controls 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 provides adequate staffing with relevant experience to conduct the internal audits and has full, free and unrestricted access to all data of the Company that it requires to carry out its function. Mr. Wittawas Grungtanmuang serves as Head of Internal Audit Department. 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.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Fair and equitable treatment of all shareholders

Principle 15: Regular, effective and fair communication with shareholders

Principle 16: Greater shareholder participation at general meetings of shareholders

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.

Details are set out under “Corporate Governance - the Principles of Good Corporate Governance for Listed Companies of 2012 – Rights of Shareholders” and “Corporate Governance – the Principles of Good Corporate Governance for Listed Companies of 2012 – Fair Treatment for Shareholders”.

Internal Control and Risk Management



STA recognizes the importance of its internal control system, risk management system and business operation assurance system, which are continuous processes and share responsibilities of all STA staff members ranking from the Executive Committee to each employee.

STA has set up a sufficient and appropriate internal control system to provide a reasonable assurance that all functions within the Group are operated consistently and are able to meet the goals laid down by Executive Committee. STA has established an Internal Audit Department which is an independent unit and reports directly to the Audit Committee. The appointment, removal, and rotation of Head of Internal Audit Department need an approval from the Audit Committee. The Internal Audit Department performs an internal control assessment pursuant to the annual plan by considering related risk factors as approved by the Audit Committee as well as supporting the creation of a risk management system and providing various recommendations to ensure that all operations of the Company meet the objectives as planned. The Internal Audit Department has followed the Standard for the Professional Practice of Internal Auditing as a guideline for its work, which focuses on independent, just, and international standard operations with high quality auditing work.

Therefore, the Company encourages internal audit personnel to take internal audit related certificates i.e. CIA (Certified Internal Auditor), CPIAT (Certified Professional Internal Audit of Thailand), earned by two of our internal audit personnel, and CISA (Certified Information Systems Auditor). Furthermore, an adequate training program specially designed for each individual internal audit personnel is provided continuously. In addition, according to an independent auditor who certified the Company's financial statements for the year 2013, there was no weakness in the internal control system which will materially affect the financial statements of the Company.

The following is a summary of the internal control and risk management system of the Company:

Audit Committee:

The Audit Committee responsibility is to consider the sufficiency of the Company's internal control system by continuously reviewing the performance of the Internal Audit Department and the independent auditor. The Audit Committee emphasizes the sufficiency and adequacy of the internal control system and ensures that all operations have complied with the laws, rules, regulations and other relevant policies. If the Audit Committee has any recommendations or finds any significant error or misconducts, the Audit Committee will discuss with responsible management team and directly report such matters to the Board of Directors for appropriate actions or further improvement.

Internal Audit Department:

The Internal Audit Department monitors the operation of various units within the Group in accordance with the annual plan as assigned by the Executive Committee or the Audit Committee by using the principle of risk management to make an assessment on the businesses or the working processes, and also gives advices and makes recommendations regarding the improvement of internal control to the management of each unit and also provides operation guidelines to improve effectiveness and efficiency.

Management Activity Control System:

The Board of Directors sets the operating goals of the Company by determining the clear vision, mission, as well as business growth and appointing working team to review Key Performance Indicators (KPIs) of each business unit. This is to ensure that the target in terms of financial outcome, operating result, customer satisfaction, etc. of each business unit will be consistently aligned with the goals throughout the organization. Such control is continuously closely monitored.

Risk Management:

The Board of Directors gives precedence to risk management system and its effectiveness. Therefore, the meeting of the STA Board of Directors no. 4/2013 on 14 November 2013 has passed the resolution to approve risk management policy and the appointment of risk management committee to oversee the effectiveness of the Company's risk management system. 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 regular management meeting to evaluate the current situation and select appropriate strategies to cope with any possible risks.

Control:

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:

The management continuously monitors economic situations to strategically plan business operation under current and future circumstances that may impact organisation's goal. Key Performance Indicator (KPI) report will be conducted in order to closely and timely monitor and evaluate operating performance of organisation.

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 to achieve maximum return on investments within the appropriate risk parameters that are set by the senior management team from time to time. For the performance of each business unit, Internal Audit Department has randomly checked the accuracy of important topics in KPI report, especially on

main function departments such as procurement department, production department, exporting department, etc.

Following the meeting of the STA Board of Directors no. 2/2014, on 28 February 2014, which was attended by four members of the Audit Committee, the STA Board of Directors, having received information from the management and relevant staff members, assessed the internal control system and concluded that by assessing the internal control system of the Company in five elements, which are organization and the environment, risk management, control of the operation of the management, information and communication, and monitoring system, the STA Board of Directors was of the opinion that STA has a sufficient and appropriate internal control system with adequate personnel to effectively monitor the system and the operation of subsidiaries. Neither the opinion of the independent directors nor the Audit Committee differs from the opinion of the STA Board of Directors with regard to internal control. However, the Audit Committee has emphasized the strict implementation of Good Corporate Practice of the Company in order to comply with the regulations of the Capital Markets Supervisory Board, the SET, SGX-ST, and the Office of the SEC to ensure that the operation of the Company is conducted in the most transparent and effective manner possible.

In addition, the meeting of the Audit Committee of STA no. 1/2014, on 27 February 2014, made an assessment of the internal control system of the Company and was of the opinion that the internal control of the Company was adequate and appropriate.

Regarding the monitoring and supervision of the subsidiaries of STA, the Directors of STA will serve as directors of the subsidiaries and associates and may from time to time nominate the Company's representatives to serve as directors of the subsidiaries. The Internal Audit Department of the Company is assigned to audit the sufficiency of the internal control of the subsidiaries and reports its findings to the Audit Committee in order for the Company to be able to effectively control and monitor the internal control operation of the subsidiaries.

Corporate Social Responsibility



Over the past 25 years that Sri Trang Group has committed to processing and exporting Natural Rubber products, we have dedicated to conduct business with good practices of corporate governance and Corporate Social Responsibility (CSR) and become a leader in global rubber industry. Towards our 3rd decade of sustainable business operation, we still maintain our global leadership in rubber industry and pursue sustainable business development. Our philosophy is to grow contingently with the community and society and to be an effective mechanism to constantly strengthen the stability of rubber industry. We value our way to conduct business in parallel with creating activities for communities and societies, maintain our environmentally-friendly production, create a fair trade standards to gain trust and acceptance from rubber farmers and customers, consider the impact on every aspect from business operations to all stakeholders including shareholders, employees, customers, suppliers, communities, and government agencies, as well as create the attitude and organisational culture to encourage employees to participate more in CSR activities.

Policy and guideline practices for CSR of Sri Trang Group, our core mission, lays on the 5 meaning of “GREEN” Natural Rubber as follows;

1. Corporate Governance

The Company is dedicated to good practices of corporate governance focusing on the structure of the Board of Directors, management, and shareholders to create a competitive advantage which will build growth and increase value of shareholders in the long run. In addition, other stakeholders are also taken into consideration to be involved with society and community.

2. Responsibility to Supply Chain

The Company has extended its business to cover the whole supply chain starting from rubber plantations to the production of finished products. This allows the Company to strictly control the quality of products to respond to downstream businesses who focus on the quality of the product at most. Another main concern of downstream businesses, either latex examination glove producers or tyre makers, is to ensure the safety for users. Thus, our responsibilities through supply chain management cover;

2.1 Rubber farmers and rubber dealers

The Company is strived for fair, transparent, clear principles, and accountability procurement of natural rubber which is the main raw materials for our production. We also encourage rubber farmers to produce high quality of rubber without contamination and properly store the rubber so that the quality of raw materials will meet our factory's standards. Moreover, we support rubber farmers with knowledge to properly operate rubber plantations in order to increase yield which will, in return, increase their revenues as well as sustainable quality of life.

2.2 Customers

The Company is committed to producing high quality products and providing good services to create the highest satisfaction for the customers. We sincerely handle complaints from customers and promptly improve and correct flaws that might be caused from productions and/or services to achieve customer satisfaction and also to create the highest effective and efficient production.

3. Environmental Friendly and Safety Operation

As our Company 's nature of business is directly related to the natural and environment, we strictly adhere to environmental practices by implementing the effective environmental management systems. We also set up measures to prevent and minimise the environmental impacts caused by different activities from our Group to comply with laws and regulations. Furthermore, we aim to develop and promote more green areas in the factories to retain moisture, increase fresh air, and reduce unfavorable odors from production process. In addition, we reduce the use of chemicals in rubber plantation and production of natural rubber products as well as finished products since it might affect the environment and communities in the long run.

In addition of environmental-friendly production and being aware that we are part of community, we stick to practice guidelines to preserve and maintain the ecological and social environment of the surrounding communities which will not only create the livable community but also support the Company to smoothly and steadily run the business in the long term.

In terms of health & safety, our Group fully comply with laws, regulations and other related requirements. We provide training, set up adequate and effective health & safety rules in workplace, and create a safe working environment for employees, contractors, and the other related parties.

4. Engagement with Transparency

The Company is committed to operating business with fairness, transparency, and accountability in all process. We believe that to operate business with fairness and ethics, comply with laws, and respect the rules of society, this could build the confidence of stakeholders and reduce any conflict of interests. This also will benefit business operation of the Company in the long run. We also encourage every level of our employees to work with integrity and adhere to business ethics. Employees should not exploit benefits that may cause conflict of interests to the Company and its stakeholders and should not improperly indulge on business operation. We also have a policy against all forms of corruptions to establish standards of transparent business operation which will benefit the organisation and rubber industry in the long run.

5. Nurture Sustainability Attitudes Towards Organisation

The Company believes that effective and sustainable CSR practices is rooted from the awareness of employees in every level from all departments. They need to have a positive attitude to follow the policies and have responsibility to society and other related parties. Our people also volunteer to participate in the community development and business partners' quality of life improvement. Moreover, they have cooperated to change their working behaviors and daily lifestyle in accordance with environmental conservation guidelines, to reduce energy consumption costs, and to enhance the effectiveness of organisation.

The Company promotes and supports staffs to devote to social activity, for example, to volunteer and participate activities of community, alleviate natural disaster victims, appropriately and continuously support any kinds of shortages in the community, and create a benevolent society and social care for each other.

From CSR policy, we have initiated the concept of “Green Rubber Company” which means

Green Rubber Product

We are committed to delivering to our customers the clean products for safety and hygiene of end-users.

Green Factory

We are committed to a sound concept of safe energy, rid of waste and odor to ensure that our production facilities are environmental and community friendly.

Green Supply

We passionately drive the industry towards the clean & clear natural rubber through our fair procurement system with natural rubber farmers and dealers.

Green Company

Is the symbol of our transparency in operation and attitudes towards sustainable natural rubber business development.

With the policy and concept above, to comply with vision and mission of the Company, we have implemented the following.

Concerns on Stakeholder

The Company has used different kinds of tools and means to measure the expectations of each group of stakeholders, such as organising questionnaires, conferences, seminars, open houses, visits to business partners, communities, rubber suppliers, along with taking in complaints and opinions to be used in improving the Company’s work processes.

Relationships between Business Partners and Competitors

The Company believes that honorable business management would create confidence with relevant agencies, including, governmental agencies, shareholders, business partners, competitors, suppliers, customers, and competitors. The Company

has fully uphold business ethics concerning business partners and competitors strictly, so as to make sure that the reputations of those in the same business field would not be destroyed.

When dealing with raw material suppliers, the Company has abide by regulations for a fair and transparent business practices with suppliers or rubber farmers, Under our free trading system with suppliers, anyone is welcomed to become the suppliers of the Company. However, to become one of the Company’s suppliers, one must follow the standards of operations specifying in the Company’s agreement strictly.

The Company believes that by providing knowledge and knowhow for suppliers and rubber farmers on how to efficiently carry out rubber farming, would help to create sustainable income and good quality of life for the people. The Company then visits suppliers and rubber farmers on regular basis. Under this practice, the Company could promote more knowledge of quality of rubber and inquire about the satisfaction of the suppliers towards the Company more efficiently.

By giving importance to creating sustainability for partners and communities, especially those of raw material rubber suppliers. The Company has entered into an agreement with the Office of the Rubber Replanting Aid Fund in creating a special programme to train rubber tappers in the Northeastern or Isan region of Thailand entitled, “Rubber Tapper Skill Development Project”, with an aim to provide the proper methods for rubber farmers in tapping rubber trees. The training also provided the rubber farmers with the knowledge on fertilisers and how to look after the rubber plantation, to nurture the best quality of product, while being able to use their newly learnt skills to carry out an occupation with stable income to enhance their quality of lives.

Part of purchases and employment, the Company’s central purchasing unit has set up purchasing and procurement policies in line with social responsibility. The unit has been carrying out its operations in accordance with the Company’s purchasing and procurement policies, as well as business ethics concerning the relationships between business partners, competitors, and

trade creditors, so as to prevent unfair business competitions, monopolisation, and the prevention of new suppliers. The Company also sets up screening rules to deal business with qualified partners that possess social responsibility, such as, Green purchases and procurement scheme, the use of energy saving equipment, the promotion against child and forced labours, as well as human rights concerns, along with their mindsets in looking after the environment.

Clients, Customers and Consumers Responsibilities

The Sales and Marketing unit of the Company has been abiding by the Company's business ethics concerning customer relations, with an aim to create the best satisfaction and confidence for the customers in receiving the best quality products and services, with the right prices. The unit also provided complete and correct information about every product, delivered the products on schedule, provided guarantees, as well as provided communications channels for customers for any complaints about products and services. Moreover, the Company is responsible to keep customers' personal information private and secured, organise visiting trips to the Company's factories for clients to create better understanding about the Company's operations and products, while also establishing an evaluation system for clients to provide feedbacks on customers' satisfaction.

The Company has been complying with the ISO 9001 system for product qualities, as well as a quality control system to ensure that all products of the Company are fully certified and meet the international standards, along with expectations of every customer, starting from purchasing and production, all the way to quality inspections as a last step. If a customer had filed a complaint about the Company's products, the Marketing and Quality Control units of the Company would handle the complaints in accordance with the Company's procedures carefully and diligently. Both units would work out the cause and solutions in line with the system, so as to be able to respond to customers' need as quickly as possible, while also gathering up the information of the problems and complaints to be used to continuously better develop the Company's products.

Communications

The Company has provided information and public relations broadcast about the Company through its website, at www.sritranggroup.com and has provided a Call Centre at 02-207-4500, in order for the clients, partners, the public, and Company's stakeholder to be able to conveniently contact the Company and be treated without any discrimination. The communications channels would also provide a platform for the public and interested persons to inquire about the Company's products and other information.

Human Rights and Employee Rights

The Company value the importance of human rights and the rights of the equality in the work place and has been treating all employees justly and equally without discriminations under a set of morale and ethics.

Apart from the social security fund provided by the Company as stated by the laws, every employee is entitled to receive benefits and welfares in forms of salary and OTs, while hard shifters are also provided with extra pay. All employees are also entitled to summer vacation pay, yearly bonuses, and basic welfares to improve their quality of lives, such as, uniforms, assistance on rent, outside of office pocket money and lodging, health and safety insurances, provident fund, pensions, disaster relieve fund, taking leave to pursue higher study, as well as trainings for development, and recreation activities, including, sports day, and New Year's party.

The Company has an evaluation committee to review employees' performances, as well as uses the Key Performance Index (KPI) system to evaluate each employee for special rewards and bonuses.

The Company has paid extra welfares to its staffs in organising training for the employees to help improve their skills and knowledge. Apart from gaining technical knowledge from these trainings, the Company also urged the employees to carry out their task or work with honesty to avoid conflict of interests.

Moreover, the Company has provided trainings on societal responsibilities, and organising trainings concerning the peaceful mind and feelings, in order to create an excellent citizen for the society.

Furthermore, the Company also organised trainings and work trips abroad to enhance the employees' experiences and knowledge both in the Asian and European regions.

Environmental Management

The Company has been adopting the environmental management system for a very long time, especially in STR plants that pose higher environmental risks. The aim of the Company is to earn an ISO14001 certification within a year of the plants' establishment and after the plant has been certified with ISO9001. In 2013, there are a total of 6 companies that has certified the ISO14001: 2004.

Water Pollution Management

The Company always maintains quality waste water treatment system. Every month, we regularly inspect our effluent water; the water released into the environment is met with the effluent standard stated by law. Furthermore, we have been developing the activated sludge system in the Northeastern part of Thailand; that could potentially provide us with a 100% recyclable clean water to help reduce the input of natural water from outside sources into the plant that might cause other environmental impact. The rubber factories have adopted a close activated sludge system, where there is no effluent released into nearby public water streams. From this treatment, we also gain nitrogen, plants fertilisers from such water treatment system.

Air Pollution Management

The Company has installed air pollution control systems in accordance with the type of productions. Smells of raw material cup lump rubber in STR factory, wood vinegar has been used to reduce odor. STR factories have installed odor emission control system for the process of rubber drying and from compound

lines. The factories also use boiler with a multi-cyclone system to reduce the odor before emission. The odor quality passes the standard air/odor quality stated by law after every inspection.

Waste Management

The Company has installed 3R system (reduce reuse recycle) to manage the different types of wastes from factories including developing work flow in order to lower the amount of wastes and to effectively put natural resources to the best use as possible and the amount of waste needed to be destroyed by set up waste management procedure. On monthly basis, the Company also collects data from every factory and conducts surprise checks of the 5S' for annual assessment.

Energy Sufficiency and Renewable Energy

The Company has been adhering to the Energy Conservation Act, by carrying out measures to preserve energy, including, the use of energy saving equipment and alternative energy; using biomass in boilers to bake rubber instead of diesel, as well as lower the use of LPG.

Climate Change

The Company has joined the Carbon Footprint of Products Projects, which include, RSS, STR, and Concentrated Latex, to calculate the amount of carbon dioxide emitted from the production and delivery processes, which would lead to better reduction of carbon dioxide emissions in the future. Recently, we have three products from five companies within the Group which have received a carbon footprint labels ,i.e. B to B (Business to Business) certified by the Thailand Greenhouse Gas Management Organisation (Public Organisation).

Environmental Community and Society Development

The Company fully realises that to have a sustainable business operation, we must sincerely contribute and participate in environmental and social activities. In 2013 the Company has been involved in the following campaigns:

- Mangrove forests activities in different areas, including, the Naitonal Park Kanom of Nakhon Sri Thammarat province, Koh Rat of Don Sak district, Surat Thani province, Klong Son Beach of Si Kao district, Trang province, and the National Park of Chumpon province, where over 2,500 mangrove trees were planted.



- P.S. rubber has received carbon footprint label the scope of B to B (Business to Business) certified by the Thailand Greenhouse Gas Management Organisation (Public Organisation)



- Sri Trang Agro Industry ,Thung Song branch has joined “Take Kwan Give Kon” operation, set up by the Forest Ministry and Nakhon Si Thammarat Industrial Office. Together the party has help restore deforested areas trespassed by local residents as a part of the “800 million trees, 80th Years of Her Majesty the Queen” project and a local project of “All for Loyalty, Love for Green Scenery”, held at Baan Kao Kao, Thung Song district, Nakhon Si Thammarat province.



- Sri Trang Agro Industry ,Trang branch has received carbon footprint organisation label certified by the Thailand Greenhouse Gas Management Organisation (Public Organisation)



- Rubberland Products, Buriram branch was awarded a certificate for its participation in the Cleaner Technology project in 2013, from the Ministry of Industry.



- Sri Trang Agro Industry, Udon Thani branch, launched a project “Sri Trang Volunteers to Develop Schools for the Children” where employees of the branch had helped to renovate the library’s floors, repaint the playground, and build shoe shelves from unused materials from the factories for the kindergarten students and grade 1-6 elementary school students at Baan Champa Prachanukroa School, Udon Thani province.



- Sri Trang Agro Industry, Chumpon branch was certified by the Industry Ministry as an organisation for operating under the Good Environmental Governance.



- Sri Trang Agro Industry, Hat Yai branch held the 1st Sri Trang Knowledge to the Community Project: Knowing about Rubber, in providing knowledge about rubber and how to produce RSS with quality, as well as quality latex as demanded by rubber plants to the Baan Muan Kong Community of Moo 5 and 7, which were located near the factory.



- The Company has assisted in cleanliness development by helping to clean up wastes in nearby communities, such as in, community roads, monasteries, and schools to help improve and rebuild good environmental atmosphere in the areas, as well as unity and sacrifice among the Company's employees. Moreover, the participation showed the Company's sincerity in trying to live sustainably with surrounding communities. In 2556 the following branches of the Company have been participating in such activities, including, Sri Trang Agro Industry, Udon Thani branch and Rubberland Products, Hat Yai branch.



- Sri Trang Agro-Industry Public Company Limited, Ubon Ratchathani branch hosted unity of Kathin for the construction of Senasana and arched entrance khong at Nhonyai Temple, Mueang Si chi Subdistrict, Warin Chamrap District, Ubon Ratchathani Province



- Sri Trang Agro Industry, Ubon Ratchathani branch and Rubberland Products, Mukdahan helped to organise children's day activities, along with New Year celebrations for governmental offices, school, and communities,



- Sri Trang Rubber and Plantation hosted unity of Kathin for wat Nabia ,Thern ,Lampang Province nearby community of Thern rubber plantation where most of employees live in.



- Donated 1 million baht to assist in the construction of buildings at the Phra Dabos School in the Southern border region.
- Donated 500,000 baht to help victims of the Hai Yan Typhoon in the Philippines.



- Sri Trang Agro Industry, Udon Thani and Chumpon branches were awarded with the CSR-DIW for Beginner in 2013, which is a project to strengthen the potential of factories in environmental management and having social responsibility that is sustained. The CSR-DIW for Beginner project promoted each factory to promote the beginner CSR, which involves only two categories of environmental concerns and participation in communities building and development, for develop to the CSR-DIW project.



- Sri Trang Agro Industry, Hat Yai branch was given the CSR-DIW Awards for its participation in the Flagship Project to Develop Factories to be Socially Responsible in 2013.



Capital Structure

Information on Share Capital and Shareholding of STA

As of 3 March 2014

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 3 March 2014

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 999	1,441	9.24	531,897	0.04
1,000 – 10,000	9,488	60.81	42,232,255	3.30
10,001 – 1,000,000	4,581	29.36	278,850,337	21.79
1,000,001 – 10,000,000	80	0.51	285,101,196	22.27
10,000,001 – Less than 5% of paid-up share capital	10	0.06	245,917,385	19.21
More than 5% of paid-up share capital	2	0.01	427,366,930	33.39
Total	15,602	100.00	1,280,000,000	100.00

Note: Includes shareholders holding through CDP

Public Float

Based on information available to the Company, approximately 55.93% of the Company's shares are held in the hands of the public as of 3 March 2014. Accordingly, the Company has complied with Rule 723 of the Listing Manual.

Substantial Shareholders (Holding 5% and above) (As of 3 March 2014)

	Direct interest		Deemed interest	
	Number of shares	%	Number of shares	%
STH ⁽¹⁾	257,291,660	20.10	-	-
Dr. Viyavood Sincharoenkul ⁽²⁾	170,075,270	13.29	266,975,660	20.86

Note:

- (1) The largest group of shareholders in STH is the Sincharoenkul family which holds 4,934,140 shares, representing 56.07% of the total issued and paid up shares in STH. Dr. Viyavood Sincharoenkul is interested in approximately 26.79% 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 8,850,000 shares held by his wife and the 257,291,660 shares held by STH, and the 834,000 shares held by Tai Yang Investment Pte. Ltd.

Top Twenty Largest Shareholders of STA

Top twenty largest shareholders of STA as of 3 March 2014, are as follows

	Name	No. of Shares	%
1	STH	257,291,660	20.10
2	Dr. Viyavood Sincharoenkul	170,075,270	13.29
3	Mr. Aram Sirisuwat	55,368,305	4.33
4	Thai NVDR Co., Ltd	53,418,110	4.17
5	CITIBANK NOMS S'PORE PTE LTD	36,050,250	2.82
6	Mr. Veerasith Sinchareonkul	22,441,000	1.75
7	Mr. Somwang Sincharoenkul	18,913,305	1.48
8	Mr. Kitichai Sincharoenkul	14,250,000	1.11
9	CITIGROUP GLOBAL MARKETS LIMITED-IPB CUSTOMER COLLATERAL ACCOUNT	11,052,750	0.86
10	Mr. Puthirat Pathratrathip	10,470,295	0.82
11	DBS BANK A/C SG0900110824	10,385,100	0.81
12	UOB Kay Hian Private Limited	10,000,000	0.78
13	RAFFLES NOMINEES (PTE) LTD	9,869,700	0.77
14	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	9,198,000	0.72
15	Mr. Paul Sumade Lee	8,906,955	0.70
16	Ms. Suwanna Kowitsophon	8,900,000	0.70
17	Mrs. Promsuk Sinchareonkul	8,850,000	0.69
18	Mrs. Sungai Cherdkiatgamchai	8,157,875	0.64

	Name	No. of Shares	%
19	Mr. Surasak Srisangatrakullert	7,938,700	0.62
20	CIMB SECURITIES (SINGAPORE) PTE.LTD.	7,500,000	0.59
	Total	739,037,275	57.74

Note: Information obtained from TSD and CDP

Interest of Directors and Executives

The Company Board of Directors has specified the reporting policy in regard of the interest of directors and executives in order to monitor the interest of directors and executives or their related persons in relation to the business operation of the Company or subsidiaries. The reporting policy is as follows;

- First time report when at an appointment as a director or executive.
- Report at any time when there is any change in interest.
- Report at the end of each year.

The directors and executives shall report their interests to a company secretary. The company secretary, thereafter, shall report such interests to the chairman and the chairman of audit committee within 7 days from the date that the company secretary receives a report from the directors or executives.

As of 31 December 2013, the directors and executives of STA had the following interests in the ordinary STA shares as follows;

Name	Position	Number of Shares on 1 January 2013	Number of Shares on 31 December 2013	Increase (decrease) during Year of 2013	Percentage of Shares on 31 December 2013
Mr. Viyavood Sincharoenkul	Chairman and Managing Director	168,523,970	170,075,270	1,551,300	13.29
Spouse and minor child		8,450,000	8,850,000	400,000	0.69
Sri Trang Holdings Co. Ltd.		246,852,060	257,291,660	10,439,600	20.10
Tai Yang Investments Pte. Ltd.		-	834,000	834,000	0.07
Mr. Prasit Panidkul	Vice Chairman and Executives Director	6,915,575	7,815,575	900,000	0.61
Spouse and minor child		-	-	-	-
Mr. Chaiyos Sincharoenkul	Director and Executive Director	7,410,825	7,410,825	-	0.58
Spouse and minor child		4,300,000	4,300,000	-	0.34

Name	Position	Number of Shares on 1 January 2013	Number of Shares on 31 December 2013	Increase (decrease) during Year of 2013	Percentage of Shares on 31 December 2013
Mr. Kitichai Sincharoenkul	Director and Executive Director	14,250,000	14,402,000	152,000	1.13
Spouse and minor child		3,246,500	3,246,500	-	0.25
Mr. Paul Sumade Lee	Director and Executive Director	8,906,955	8,906,955	-	0.70
Spouse and minor child		27,095,075	27,095,075	-	2.12
Mr. Veerasith Sinchareonkul	Director	22,441,000	22,441,000	-	1.75
Mr. Prakob Visitkitjakarn	Independent Director / Chairman of Audit Committee/ Chairman of Remuneration Committee	450,060	450,060	-	0.04
Spouse and minor child		17,940	17,940	-	0.0014
Mr. Kriang Yanyongdilok	Independent Director / Audit Committee Member/ Chairman of the Nomination Committee / Remuneration Committee Member	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Samacha Potavorn	Independent Director / Audit Committee Member/ Nomination Committee Member/ Remuneration Committee Member	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Neo Ah Chap	Independent Director	1,100,000	1,100,000	-	0.09
Spouse and minor child		-	-	-	-
Ms. Prapai Srisutipong	Procurement Manager	260,500	260,500	-	0.02
Spouse and minor child		-	-	-	-
Mr. Chalernpop Khanjan	Production Manager	-	-	-	-
Spouse and minor child		-	-	-	-

Name	Position	Number of Shares on 1 January 2013	Number of Shares on 31 December 2013	Increase (decrease) during Year of 2013	Percentage of Shares on 31 December 2013
Mr. Arsom Aksornnam	Production Manager	-	-	-	-
Spouse and minor child		3,500	3,500	-	0.0003
Mr. Chaidej Pruksanusak	Quality Assurance Manager	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Patrawut Panitkul	Chief Financial Officer	-	-	-	-
Spouse and minor child		-	-	-	-
Ms. Jennifer Lim	Controller	150,000	150,000	-	0.01
Mr. Rattapong Laparojkit	Engineering Manager	55,500	55,500	-	0.004
Spouse and minor child		-	-	-	-
Mr. Phanlert Wangsupradilog	Engineering Manager	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Udom Pruksanusak	Human Resources Manager	10,000	10,000	-	0.0008
Spouse and minor child		-	-	-	-
Ms. Nuchanart Chaiyarat	Human Resources Manager	-	-	-	-

As of 13 May 2013, Mr. Anan Pruksanusak has resigned as a director and executive director of the Company. His interest as of 1 January 2013 was 100,000 shares.

Note:

- (1) The largest group of shareholders in STH is the Sincharoenkul family which holds 4,934,140 shares, representing 56.07% of the total issued and paid-up shares in STH. Dr. Viyavood Sincharoenkul is interested in approximately 26.79 % 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 8,850,000 shares held by his wife and the 257,291,660 Shares held by STH., and the 834,000 shares held by Tai Yang Investment Pte. Ltd.
- (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 27,095,075 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.

The acquisition of shares of the directors and executives shall be presented to the Company's Board of Directors for their acknowledgement every quarter.

List of Direct Interests of Each Director as of 31 December 2013

Name	Direct Interests	Number of Shares	Increase (decrease) during the accounting period
Dr. Viyavood Sincharoenkul	STA	170,075,270	1,551,300
	Nam Hua Rubber	1	-
	Sadao P.S Rubber	1	-
	Thai Tech Rubber	1	-
	Anvar Parawood	1	-
	Premier System Engineering	1	-
	Sri Trang Rubber & Plantation	1	-
Mr. Prasit Panidkul	STA	7,815,575	900,000
	Sri Trang Rubber & Plantation	1	-
Mr. Chaiyos Sincharoenkul	STA	7,410,825	-
	Thai Tech Rubber	1	-
Mr. Kitichai Sincharoenkul	STA	14,402,000	152,000
	Sadao P.S Rubber	1	-
	Premier System Engineering	1	-
	Sri Trang Rubber & Plantation	1	-
Mr. Paul Sumade Lee	STA	8,906,955	-
Mr. Veerasith Sinchareonkul	STA	22,441,000	-
Mr. Prakob Visitkitjakarn	STA	450,060	-
Mr. Kriang Yanyongdilok	STA	-	-
Mr. Samacha Potavorn	STA	-	-
Mr. Neo Ah Chap	STA	1,100,000	-

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).

Debentures

On 1 December 2011, STA successfully issued the debentures in two tranches to the institutional and high net-worth investors with total amount of Baht 2,150,000,000. Net proceeds from the issuance of debentures were used for long-term loan refinancing and/or business expansion. Details of each tranche of debenture are as follows;

	Tranche 1	Tranche 2
Debenture Name	Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2554 due in 2014.	Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2554 due in 2016.
Type of Debentures	Unsubordinated and unsecured debentures with a debenture holders' representative	Unsubordinated and unsecured debentures with a debenture holders' representative
Principal amount of Debentures	Baht 1,600,000,000	Baht 550,000,000
Interest rate	Fixed interest rate at 4.4% per annum	Fixed interest rate at 4.7% per annum
Interest Payable	Semi-annually	Semi-annually
Term	3 Years	5 Years
Maturity Date	1 December 2014	1 December 2016

On 13 February 2013, STA successfully issued the debentures in two tranches to the institutional and high net-worth investors with total amount of Baht 900,000,000. STA used the net proceeds for working capital and/or business expansion of the group. Details of each tranche of debenture are as follows;

	Tranche 1	Tranche 2
Type of Debentures	Unsubordinated and unsecured debentures with a debenture holders' representative	Unsubordinated and unsecured debentures with a debenture holders' representative
Principal amount of Debentures	Baht 300,000,000	Baht 600,000,000
Interest rate	Fixed interest rate at 4.1% per annum	Fixed interest rate at 4.5% per annum
Interest Payable	Semi-annually	Semi-annually
Term	3 years	5 years
Maturity Date	13 February 2016	13 February 2018

Dividend Policy



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.

Credit Rating and Outlook

TRIS Rating (TRIS) maintained the Company's credit and unsecured debentures at "A-" with "Stable" outlook, reflecting the Company's leading position in the natural rubber industry, geographically diverse customer base, strong balance sheet, and the good track record of the management team, despite partially offset by the cyclical nature of NR prices and weaker prospects in the demand caused by the uncertainty of world economic recovery.

The "Stable" outlook reflects the expectation that STA will sustain its competitive position in the NR industry. The company's balance sheet and capital structure is sufficiently strong to withstand the volatile nature of the NR industry and the uncertainties in many economies around the world.

Company / Debenture	Issued Date	Issued Rating/ Outlook
Sri Trang Agro-Industry PLC. (STA)	14 Jan 2014	A-/Stable
STA14DA: Bt1,600 million senior debentures due 2014	1 Nov 2011	A-/Stable
STA16DA: Bt550 million senior debentures due 2016	1 Nov 2011	A-/Stable
STA162A: Bt300 million senior debentures due 2016	12 Feb 2013	A-/Stable
STA182A: Bt600 million senior debentures due 2018	12 Feb 2013	A-/Stable

Utilisation of IPO Proceeds

The Company refers to the gross proceeds amounting to SGD 336 million raised from the initial public offering of its shares on the Singapore Exchange Securities Trading Limited in January 2011.

As at 31 December 2013, the status on the use of proceeds raised from the initial public offering of the Company is as follows:

Objectives	Allocation (SGD million)	Approximate accumulated actual utilisation (SGD million)*	Approximate amount yet to be utilised (approximately) (SGD million)*
Acquisition and/or construction of new and expansion of existing rubber processing facilities	204.75	160.89	43.86
Acquisition of land for rubber plantation	63.00	63.00	-
General working capital purposes	47.25	47.25	-
Listing expenses	21.00	19.50	1.50
Total	336.00	290.64	45.36

Note*: Based on a foreign exchange rate SGD 1 to Baht 25.6485

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, which was registered by the Monetary Authority of Singapore on 20 January 2011.

Related Party Transactions and Interested Person Transactions

RELATED PARTY TRANSACTIONS

The related party transactions that are material with value of transaction exceeding THB 5.0 million that were disclosed in the notes to the financial statements of STA and the interested persons transactions that were not disclosed in the notes to the financial statements of STA for the financial year ended 31 December 2012 and 31 December 2013 are as follows:

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
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 Sincharoenkul, 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 Sincharoenkul and Mr. Kitichai Sincharoenkul are the directors of SSC. 	1.1 STA <ul style="list-style-type: none"> Revenue from the sale of Concentrated Latex 	1,131.92	1,683.32	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	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, same rate with year 2012, 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.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		<ul style="list-style-type: none"> Revenue from dividends 	252.00	-	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"> Accounts receivable 	13.73	35.50	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 normal accounts receivable.
		<ul style="list-style-type: none"> Expense in relation to the purchase of latex examination gloves 	602.38	563.30	STA purchased latex examination gloves from SSC for selling to its domestic customers as STA has its own sales office for the domestic market while SSC does not. The purchase price of the latex examination gloves was comparable to the wholesale price of other latex examination glove producers in the country.	SSC has neither sales nor marketing unit for latex examination gloves in Thailand as most of the SSC sales came from overseas customers. For this reason, in order to penetrate into Thailand market and to maximize the utilization of STA resources, STA purchased latex examination gloves from SSC for domestic sale at a price comparable to the market price. STA received adequate profit from entering into such transaction.
		<ul style="list-style-type: none"> Accounts payable 	83.39	93.49	Most of the accounts payable came from the purchase of latex examination gloves for domestic sale.	Outstanding balance according to the payment terms under normal trade conditions and the accounts payable were normal.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		1.2 Nam Hua Rubber <ul style="list-style-type: none"> Revenue from the sale of Concentrated Latex 	460.54	547.85	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).
		<ul style="list-style-type: none"> Accounts receivable 	41.14	3.06	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 accounts receivable were normal.
		1.3 Rubberland Products <ul style="list-style-type: none"> Revenue from the sale of Concentrated Latex 	819.85	1,090.71	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 	44.05	43.21	Rubberland Products sold ground water to SSC as its factories were located in the same area. The sale price was at Baht 16 per cubic meter, which was comparable to the price of tap water sold by the Provincial Waterworks Authority.	SSC factory was located near the factory of Rubberland Products 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.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		<ul style="list-style-type: none"> Revenue from the provision of field latex tank 	32.91	13.12	Rubberland Products entered into the leasing of field latex tank agreement with SSC as SSC did not have its own tank to store the field latex. The service fee for 100 ton was Baht 40,000 per month per tank, for 250 per month per ton was Baht 100,000 per month per tank which was comparable to the market price and reflected the relevant cost and an adequate profit of Rubberland Products.	The service fee for the provision of field latex tank was comparable to market price and reflected the relevant cost and an adequate profit margin for Rubberland Products.
		<ul style="list-style-type: none"> Revenue from house rental service 	9.14	4.64	Rubberland Products provided the house rental service to SSC as the SSC factory located adjacent to the area of Rubberland Products. The rental fee was Baht 600 per unit per month, for all type of buildings, which was comparable to the market price in that area.	The rental fee was comparable to the market price (monthly rate) in that area.
		<ul style="list-style-type: none"> Revenue from dividends 	69.84	-	Rubberland Products 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. Rubberland Products received dividend in proportion to its shareholding in SSC.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		<ul style="list-style-type: none"> Accounts receivable 	5.26	4.25	Outstanding accounts receivable from the sale of ground water and the aforementioned services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.
		1.4 Starlight Express Transport <ul style="list-style-type: none"> Revenue from import-export freight forwarding fees 	7.73	7.37	Starlight Express Transport provided export and import services to SSC as Starlight Express Transport has expertise and personnel suitable for the provision of services. The fees for the preparation of the related export and import documentation for the year 2011 and 2012 were Baht 280 per container and Baht 500 per set respectively and the fee for the trailer service was USD 60 per container. These rates were comparable to the market price of other service providers in the same industry.	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.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		<ul style="list-style-type: none"> Revenue from logistic services 	55.41	52.21	Starlight Express Transport provided logistics services to SSC as Starlight Express Transport conducted logistics services and has equipment and personnel ready to support 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 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"> Accounts receivable 	6.09	4.49	Outstanding accounts receivable from the aforementioned services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		1.5 Premier System Engineering <ul style="list-style-type: none"> Revenue from the manufacturing of machinery and equipment 	381.02	198.30	<p>Premier System Engineering produced and sold machinery and equipment to SSC as the machinery used in the manufacturing process of SSC required special specification and SSC needed 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.</p>	<p>Premier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and finished products from natural rubber.</p> <p>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.</p>

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		<ul style="list-style-type: none"> Revenue from cleaning service 	64.44	60.95	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 reflected an adequate profit margin of Premier System Engineering.	<p>Premier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and finished products from natural rubber.</p> <p>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.</p>

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		<ul style="list-style-type: none"> Revenue from equipment and instrument calibration service 	5.61	4.29	Premier System Engineering provided the equipment and instrument calibration service to SSC as Premier System Engineering has equipment and personnels ready for provision of such service. The rate of service fee was based on type of equipment and instrument and also was comparable to the market price of other service providers in the same field.	remier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and finished products from natural rubber. The rate of service fee for equipment and instrument calibration of Premier System Engineering reflected the reasonable cost of its business operation and an reasonable 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 	16.78	17.19	Pemier System Engineering provided IT and information system service to SSC as Premier System Engineering has equipment and personnel ready for provision of such service.	The service fee was comparable to the market price.
		<ul style="list-style-type: none"> Revenue from purchasing-maintenance the machines 	17.94	19.10	Premier System Engineering provided maintenance services of machinery to SSC. The service fee was based on actual works which was comparable with market rates.	Service fee was comparable with market rates.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		<ul style="list-style-type: none"> Revenues from sales of equipment and machinery spare part 	162.28	138.72	Premier System Engineering provided stock management services and procured equipment and machinery spare part to SSC since it has expertise and specializes in machinery and equipment.	he service fee was comparable to the market price.
		<ul style="list-style-type: none"> Accounts receivable 	40.98	46.15	Outstanding accounts receivable from the aforementioned services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.
		<ul style="list-style-type: none"> Expense from purchasing supplies 	6.09	6.16	Premier System Engineering purchased supplies from SSC in order to save purchasing cost and efficiently manage supplies of the Group. The purchasing price of supplies was weighted average cost of SSC excluding any other related processing expenses.	Large purchasing quantity of supplies enables the Group to receive discounts and increase bargaining power. The purchasing price of supplies that Premier System Engineering purchased from SSC was comparable to market price without any other related processing expenses.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		1.6 Anvar Parawood <ul style="list-style-type: none"> Revenue from the sale of firewood 	808.48	714.66	Anvar Parawood sold firewood to SSC as Anvar Parawood operates 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.
		<ul style="list-style-type: none"> Accounts receivable 	16.79	13.34	Account receivable from the sale of parawood.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.
		1.7 Shi Dong Shanghai <ul style="list-style-type: none"> Purchase of glove 	105.19	36.97	Shi Dong Shanghai purchased gloves from SSC to distribute in Chinese market as Shi Dong Shanghai acted as a sale & distribution unit in China whereas the market SSC did not have any presence of sale & distribution.	The selling price of the glove was comparable to the wholesale price offered by other sellers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
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 Sincharoenkul, the majority shareholder and the Chairman of STA, holds directly and indirectly, in an aggregate of 12.38% of the shares. Three directors of STA, who are Mr. Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul and Mr. Veerasith Sinchareonkul, are the directors of Semperflex Asia. 	2.1 STA <ul style="list-style-type: none"> Revenue from dividends 	75.00	56.25	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.
		2.2 Rubberland Products <ul style="list-style-type: none"> Revenue from dividends 	10.00	7.50	Rubberland Products received dividends paid from Semperflex Asia based on its operating results.	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 transportation 	7.19	6.45	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 comparable to the market and changed according to the oil price level.	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.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		2.4 Premier System Engineering <ul style="list-style-type: none"> Revenue from the manufacturing of machinery and equipment 	8.86	27.54	Premier System Engineering sold machinery and equipment to Semperflex Asia as the machinery used in the manufacturing process of Semperflex Asia required special specification and Semperflex Asia needed 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.	Premier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and finished products from natural rubber. 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.
		<ul style="list-style-type: none"> Revenue from selling and maintenance machine 	0.30	22.27	Premier System Engineering provided maintenance services of machinery to SSC. The service fee was based on actual works which was comparable with market rates.	Service fee was comparable with market rates.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		<ul style="list-style-type: none"> Revenues from sales of equipment and machinery spare part 	13.21	33.59	Premier System Engineering provided stock management services and procured equipment and machinery spare part to Semperflex Asia since it has expertise and specializes in machinery and equipment.	The service fee was comparable to the market price.
		<ul style="list-style-type: none"> Accounts receivable 	2.00	5.57	Account receivable from the above services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.
		2.5 Anvar Parawood <ul style="list-style-type: none"> Revenue from the sale of pallets 	7.95	7.92	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 (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
3. Thai Tech Rubber	<ul style="list-style-type: none"> An associate company. Two directors of STA, who are Mr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee, are the directors of Thai Tech Rubber. 	3.1 STA <ul style="list-style-type: none"> Revenue from dividends 	51.59	71.69	STA received dividends from Thai Tech Rubber paid from the operation results of Thai Tech Rubber.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of Thai Tech Rubber. STA received dividend in proportion to its shareholding in Thai Tech Rubber.
		3.2 Sri Trang International <ul style="list-style-type: none"> Cost of the purchase of TSR 	2,984.19	4,551.97	Sri Trang International purchased TSR from Thai Tech Rubber for selling to international market. The purchase price was based on SICOM	<p>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.</p> <p>The natural rubber price that Thai Tech sold to Sri Trang International was comparable to the market price that third party sold to Sri Trang international.</p>
		<ul style="list-style-type: none"> Accounts payable 	170.99	229.31	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.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
4. Pattana Agro Futures	<ul style="list-style-type: none"> An associate company. Two directors of STA, who are Mr. Viyavood Sincharoenkul and Mr. Kitichai Sincharoenkul, are the directors of Pattana Agro Futures. 	4.1 STA <ul style="list-style-type: none"> Accounts receivable for the future trading of natural rubber 	126.55	57.89	Accounts receivable from the trading of natural rubber future contracts	Normal business transaction for future trading
		<ul style="list-style-type: none"> Amount due from futures brokers 	26.11	70.45	Deposit made for trading in futures market in accordance with AFET criteria.	Normal business transaction for future trading
5. Prukso Rubber Co., Ltd.	<ul style="list-style-type: none"> 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 Nam Hua Rubber <ul style="list-style-type: none"> The purchase of field latex 	114.27	131.45	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 Rubber. The purchasing price of the field latex was at the price that the Group made an announcement to general customers in front of its factory.	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 Group for the purpose of purchasing raw materials from general suppliers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		5.2 Sadao P.S. Rubber <ul style="list-style-type: none"> Cost of the purchase of unsmoked sheet rubber 	7.06	9.38	Sadao P.S. Rubber purchased unsmoked sheet rubber from Prukha Rubber Co., Ltd., a dealer who buys unsmoked sheet rubber from the farmers and sells it to factories located in the Sadao District where is close to the Sadao P.S. factory. Moreover, Prukha Rubber was capable to supply unsmoked sheet rubber at the quality and quantity as required by Sadao P.S. Rubber. The purchase price of unsmoked sheet 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.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
6. Worldwide Shipping Logistic Service Pte.	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Transportation expense 	0.11	8.14	Worldwide Shipping Logistic Service Pte., provided freight forwarding service or transportation of goods from STA factories to overseas 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. STA 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. Tham Phannara Rubber Fund Cooperative	<ul style="list-style-type: none"> Wife (Mrs. Jiraporn Aksornnam) of Co-Group Production Manager (Mr. Asom Aksornnam) is an authorized person on behalf of the cooperative. 	7.1 STA <ul style="list-style-type: none"> Purchasing field latex 	-	31.28	STA purchased filed latex from Thum Phannara Rubber Fund Cooperative as it situates nearby STA's procurement unit. Moreover, it was capable of supplying rubber of the quality and quantity as required by STA. The purchasing price of the field latex was at the price that the Group made an announcement to general customers in front of its factory.	STA 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 Group for the purpose of purchasing raw materials from general suppliers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
8. The Board of Director of STA and subsidiaries consists of: <ul style="list-style-type: none"> • Mr. Somwang Sincharoenkul • Mr. Viyavood Sincharoenkul • Mr. Kitichai Sincharoenkul • Mr. Prasit Panidkul • Mr. Chaiyos Sincharoenkul • Mrs. Pomsuk Sinchareonkul • Mr. Anan Pruksanusak 	<ul style="list-style-type: none"> • Directors of STA and the subsidiaries 	<ul style="list-style-type: none"> • Personal guarantees have been provided on the loans that have been extended to STA and subsidiaries by financial institutions 	715.00	1,185.00	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.

INTERESTED PERSON TRANSACTIONS

Interested Person transactions as defined in the SGX listing manual Rule: 920 for the financial year ended 31 December 2013 are as follows:

Unit : THB million

Name of Interested Person	Aggregated value of all Interested Person Transactions for the year ended 2013 under review (excluding transactions less than SGD 100,000 and transactions conducted under shareholders' mandate)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate (excluding transactions less than SGD 100,000)
Pruksa Rubber Co., Ltd - STA sold field latex to Pruksa Rubber Co., Ltd	3.96	-
Pruksa Rubber Co., Ltd - Nam Hua Rubber purchased field latex and Sadao P.S. Rubber purchased unsmoked sheet rubber from Pruksa Rubber Co., Ltd	121.33	-
Mr Somwang Sincharoenkul – remuneration for engagement as honorary adviser for STA	4.80	-
Guarantees and security provided by the Board of directors of STA and their associates, namely; <ul style="list-style-type: none"> • Mr. Somwang Sincharoenkul • Mr. Viyavood Sincharoenkul • Mr. Kitichai Sincharoenkul • Mr. Prasit Panidkul • Mr. Chaiyos Sincharoenkul • Mrs. Promsuk Sinchareonkul • Mr. Anan Pruksanusak • Mr. Somboon Pruksanusak 	715.00	-

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.

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.

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 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. In addition, in 2012, price intervention of the Thai government to provide loans with total amount of Baht 45.0 billion to the state-run Rubber Estate Organization and cooperatives through the Bank for Agriculture and Agricultural Cooperatives to buy rubber from farmers at prices above market prices directly impacted our raw material costs. Moreover, the cooperative agreement among Thailand, Indonesia, and Malaysia in August 2012 to withdraw Natural Rubber exports of 300,000 tons during October 2012 to March 2013 also affected the export volume of Natural Rubber producer during such period.

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 are volatile, 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, approximately 83.0% of our total revenues is denominated in US Dollars. In addition, the Company's 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 Dollars, 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. 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 2013, we had cash and cash equivalents of approximately Baht 1,892.7 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 2013, we have an aggregate of Baht 19,500.2 million in short and long term bank loans, accounting for approximately 81.7% and 18.3% of the aggregate amount of bank loans respectively, with interest rates ranging from 1.5% to 13.9% 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. For example, the torrential floods occurred in southern Thailand in November 2010 and January 2012 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 Company depends on distributions from our principal operating subsidiaries, associates and joint venture entity which may in turn affect our Company's cash flow

Our Company is dependent on distributions from our principal operating subsidiaries, associates and joint venture entity to meet our financial obligations, including the payment of principal and interest of our indebtedness.

Our Company will receive distributions made by our subsidiaries, associates and joint venture entity based on our ownership interest. However, should revenues or operating performance of our principal operating subsidiaries, associates and joint venture entity be decreased, the amount of distributions in terms of both rate and value made by such principal operating subsidiaries, associates and joint venture entity will decline. Accordingly, our Company's cash flow might be adversely affected.

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.

Our sales of Natural Rubber Products, which are produced from natural rubber, accounted for 97.3% of our Group's revenue for the financial year ended 31 December 2013. 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, increased natural rubber price compared to synthetic 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, Singapore, USA, Indonesia, and the PRC, each of which contributed 64.1%, 26.7%, 5.0%, 3.3%, and 0.9% of total revenues, respectively. 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.

Management Discussion and Analysis

Financial Result Overview

In 2013, Natural Rubber (NR) industry has been challenged by numerous factors including uncertainty of global economic recovery, NR supply excess, speculation on QE tapering, and high NR stock in China. However, with our strong business model, 2013 has been a satisfactory year of the Company for many aspects. Our sale volume reached a new industry record of 1.1 million tons amid softening demand and downward trend of NR price. Our strategy to aggressively expand customer base in high growth markets, especially in China, has maintained our world's leading position with a higher world market share of 10%. Although sales of goods and services decreased by 7% from the pressure of NR price decline, our net profit grew by 31%. This has proven that our strategies to continually invest in strategic locations as well as our focus to operate business with vigilance and agility in anticipation of any uncertainties have delivered us resilient performance despite weathering dynamic business climate.

Our increase of net profit margin compared with the previous year was primarily attributable to an increase in gross profit from our well-managed raw materials cost, a decrease in selling expenses from 4-month cess exemption, and gain from financial derivative instruments from rubber trading, which partially offset by a decrease in gains on exchange rate from financial derivative instruments as a result of a depreciation of Thai Baht against US Dollar, an increase in administrative expenses from personal expenses, and an increase in finance costs from unrealised loss on exchange rate of USD denominated loans and from a higher amount of loans to support our business expansion.

Non-recurring item for the year 2013 was the receipt of insurance claim for marine shipping accident of Baht 92.9 million and for the year 2012 was cess refund of Baht 238.4 million. Both items were recorded under other income.

Income Statement Overview

Unit: Baht million

	FY 2013	FY 2012	% YoY	Q4 2013	Q4 2012	% YoY
Revenue from sale of goods and services	92,185.2	99,639.1	-7.5%	23,930.4	22,794.2	5.0%
Cost of sales and services (net)	(86,996.1)	(94,864.0)	-8.3%	(22,467.5)	(21,404.9)	5.0%
Gross profit	5,189.1	4,775.1	8.7%	1,462.9	1,389.2	5.3%
SG&A	(3,589.2)	(3,921.4)	-8.5%	(844.2)	(952.6)	-11.4%
Other income	260.0	363.9	-28.5%	88.1	42.1	109.3%
Gains/(Losses) on exchange rate	312.5	815.1	-61.7%	(222.7)	164.9	-235.0%
Other gains/(losses) (net)	338.6	(340.7)	199.4%	44.2	40.1	10.4%
Operating profit	2,511.0	1,691.9	48.4%	528.3	683.7	-22.7%
Share of profit from investments in associates and a joint venture	495.6	526.8	-5.9%	152.5	102.0	49.5%
EBITDA	3,747.0	2,839.8	31.9%	875.8	950.3	-7.8%

Income Statement Overview (Cont'd)

Unit: Baht million

	FY 2013	FY 2012	% YoY	Q4 2013	Q4 2012	% YoY
EBIT	3,006.6	2,218.7	35.5%	680.8	785.6	-13.3%
Finance costs (net)	(1,029.3)	(694.5)	48.2%	(253.0)	(143.1)	76.8%
Income tax	(148.8)	(145.7)	2.1%	(0.8)	(7.7)	-89.9%
Net Profit for the period	1,828.5	1,378.5	32.6%	427.0	634.8	-32.7%
Attributed to owners of the parent	1,811.6	1,378.9	31.4%	425.8	635.5	-33.0%
Attributed to non-controlling interests	16.9	(0.3)	4995.9%	1.2	(0.7)	284.5%

In 2013, total sales of goods and services was Baht 92,185.2 million, decreased by 7.5% YoY. Slow recovery of world economic, concerns over QE tapering, persistence of NR global glut, and high level of NR inventory in China have pressured on NR price throughout 2013. As a result, the decline of sales was principally driven by lower average selling price of 20.4% YoY, despite being offset by the 15.5% of sale volume growth.

Thanks to our extensive experience and strong sales & distribution networks, 2013 has been another year that we successfully penetrated into high potential markets. Our sale volume of Natural Rubber broke a new industry record of 1,126,463 tons or increased by 15.5% YoY which outperformed 2013 global NR consumption growth forecasted by IRSG of 2.5% amidst bearish fundamental demand & supply and numerous unfavourable external factors. Sale volume to China, the world's largest NR consuming country, substantially increased by 32.7% YoY to 560,570 tons in 2013. Demand from Japanese and other Asian markets also rose significantly at 155.1% and 66.5% YoY respectively as most tyre manufacturers ramped up their production under accommodative NR price. However, such increase was partly offset by a fall of sale volume to Malaysia, Europe, India, and the US by 64.1%, 25.8%, 17.5%, and 8.7% YoY, respectively. In addition, a stagnant growth of sale volume in local market was due to the expiration of the Thai government subsidy for the first car project.

Gross profit in 2013 was recorded at Baht 5,189.1 million, up 8.7% YoY. Our gross profit margin of 2013 was 5.6%, increased from last year at 4.8 %. Assuming the reversal of inventory allowance of Baht 40.7 million was not made in 2013 but including the realised foreign exchange gains of Baht 655.2 million from our hedging policy, our adjusted gross profit margin would have been at 6.3%, higher than the adjusted gross profit margin in 2012 at 4.3%. The improvement in gross profit margin under an environment of downward NR price and sluggish demand was a reflection of our well-managed raw materials cost and our economies of scale from the expansion.

Operating profit in 2013 amounted to Baht 2,511.0 million, up 48.4% YoY. Operating profit margin was 2.7%, increased from 1.7% in 2012. An improvement in operating profit margin was due principally to 1) an increase in gross profit margin, 2) the decrease in selling expenses which mainly came from 4-month cess exemption during September to December 2013, and 3) gain from financial derivative instruments for rubber trading, although partially offset by a decrease in gains on exchange rate from financial derivative instruments as a result of a depreciation of Thai Baht against US Dollar from Q2 2013 towards the end of 2013, an increase in administrative expenses from personal expenses, and an decrease in other income due mainly to the absence of one-time revenue from cess refund* of Baht 238.4 million recorded in 2012.

Note*: Cess refund from NR inventories that ORPAF has examined during 20 - 30 September 2010, which is the period before the new cess rate (0.9 - 5.0 Baht per Kg.) come into effect, will be allowed to pay cess at the former rate (1.4 Baht per Kg.).

Net profit in 2013 was Baht 1,811.6 million rose by 31.4% YoY. Net profit margin was 2.0%, increased from 1.4% in 2012. This was mainly due to an increase in operating profit, even though partially offset by an increase in finance costs from unrealised loss on exchange rate of USD denominated loans and from the higher amount of short-term and long-term loans to support our business expansion as well as a decrease in share of profit from investments in associates and a joint venture due mainly to the decrease in net profit of our Natural Rubber processing business and the liquidation of vinyl glove manufacturing business in China.

Key Factors Affecting the Company's Operation

1. Price and Volatility of Natural Rubber

US Cent : Kilogram



Daily Price Movement of TSR20 and RSS3 at SICOM

Price and volatility of Natural Rubber directly affect our revenues and profitability. At the beginning of 2013, NR price continued its positive momentum carrying from the end of 2012 which was driven by an improved demand from positive macroeconomic indicators led by stimulus package from gigantic countries and NR stock replenishment of China. Thereafter, high level of NR inventory in China, the slow recovery of world economic, and the speculation on QE tapering have caused the downward movement of NR price since the second quarter of 2013.

The NR price are affected by a number of factors including 1) world economic conditions which directly affected automobile and tyre industry, 2) the magnitude of demand & supply of Natural Rubber, 3) exchange rate fluctuation especially US dollar, Japanese Yen, and natural rubber exporting currencies such as Thai Baht, Indonesian Rupiah, and Malaysia Ringgit as natural rubber is mainly traded in US Dollars 4) oil price since natural rubber and synthetic rubber, which is derivatives of crude oil, are substitute products, and 5) government policy of major NR exporting countries.

Price Movement of TSR20 and RSS3 at Singapore Commodity Exchange Limited (SICOM) during 2012-2013

(Unit : US dollar per ton)

	RSS3			TSR20		
	2012	2013	%Change	2012	2013	%Change
Q1 Average	3,861	3,156	-18.3%	3,695	2,958	-20.0%
Q2 Average	3,589	2,906	-19.0%	3,297	2,449	-25.7%
Q3 Average	2,971	2,590	-12.8%	2,752	2,344	-14.8%
Q4 Average	3,097	2,528	-18.4%	2,884	2,311	-19.9%
Year Average	3,378	2,790	-17.4%	3,155	2,510	-20.4%
Closing price as at 31 December	3,240	2,485		2,988	2,265	

2. Foreign Exchange rate

Thai Baht : USD



Historical Exchange Rate of Thai Baht against US dollar

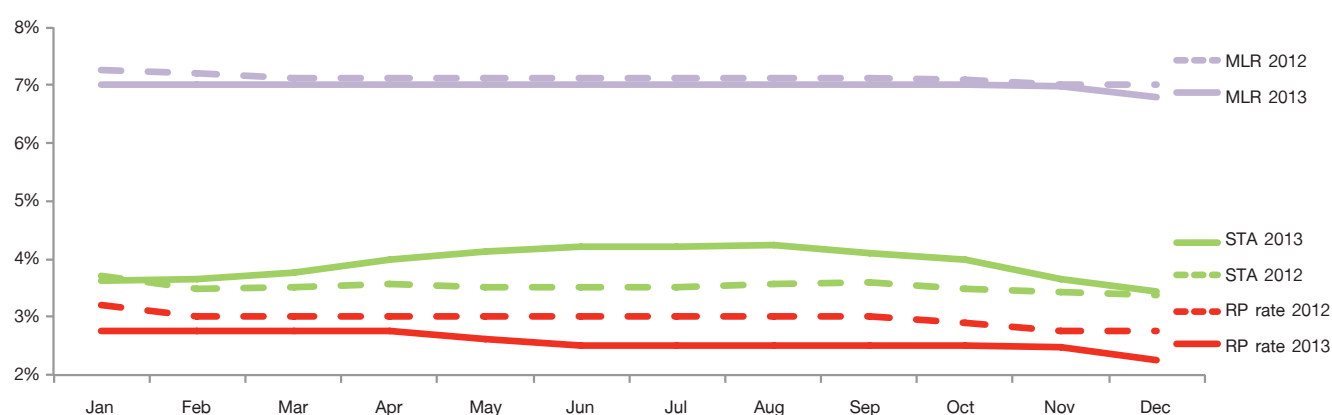
The fluctuations between Thai baht and US Dollars could directly affect our revenues since approximately 83% of our total revenues are denominated in US Dollars while our financial reporting currency is in Thai Baht. In order to mitigate this risk, the Company, therefore, uses forward and options of foreign exchange contracts to hedge our foreign exchange exposures. The mark-to-market of financial derivatives will be recognised as unrealised gain/loss on foreign exchanges.

The capital inflow to Asian countries led by stimulus packages of the US and Japan in the third quarter of 2012 created an appreciation of Thai Baht against US dollar until the first quarter of 2013. Since then, the speculation on QE tapering has reversed capital flow and resulted in depreciation trend of Thai Baht against US dollar towards the end of 2013. Therefore, when marking-to-market at the end of the year, our gains on foreign exchange decreased from Baht 815.1 million in 2012 to Baht 312.5 million in 2013.

3. Finance costs

The key factors that affect our finance costs are interest rate, NR price, sale volume, and the movement of currency exchange. In 2013, finance costs increased 51.5% YoY to Baht 1,075.3 million due mainly to unrealised loss on exchange rate of USD denominated loans and an increase in short-term and long-term loans to support our sale volume growth, capacity expansion, and land acquisition for rubber plantation.

Graph below exhibited our average interest rates during 2012-2013, which were lower than the average Minimum Loan Rate (MLR) of three large commercial banks; Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank and closed to Bank of Thailand's policy rate.



STA Effective Interest Rate Vs. Average MLR Rate

4. Shares of Profit from Investment in Affiliates

In 2013, the Company received share of profit from investments in affiliates and joint venture companies in total of Baht 495.6 million of which 71.8% contributed by glove business, 18.4% by high pressure hydraulic hoses business, and 10.4% by Natural Rubber processing business. Share of profit from investment in affiliates decreased by 5.9% compared to the previous year due mainly to the decrease in net profit of Natural Rubber processing business and the liquidation of vinyl glove manufacturing business in, despite being offset by the increase in net profit of our examination gloves business.

5. Government Policy

The policy of the Thai Government may benefit or have an adverse impact to the Company's operation. For example, in 2012, price intervention of the Thai government to buy rubber from farmers at prices above market prices has impacted our raw material costs. Moreover, cooperative agreement among Thailand, Indonesia, and Malaysia (International Tripartite Rubber Council : ITRC) to withdraw Natural Rubber exports of 300,000 tons during October 2012 to March 2013 has limited our export volume to some certain extent. However, 4-month cess exemption during September to December 2013 of the Office of Rubber Replanting Aid Fund has brought down our selling expenses in 2013.

6. Related Tax Policy of the Countries in which the Company Associates with

The expiration of import tariff of the US on Chinese car and light-truck tires in September 2012 is beneficial to automobile and tyre industry in China. China will be even more attractive destination for setting up tyre production base which bring about the escalating in demand of Natural Rubber. With our strategic plan to aggressively expand its market share in Chinese market, we, therefore, directly benefit from such import tariff expiration.

Business Segmentation Analysis

Revenue breakdown by product segment (Baht million)

	FY 2013	FY 2012	% YoY	Q4 2013	Q4 2012	% YoY
RSS*	12,845.6	13,597.9	-5.5%	3,185.8	2,754.6	15.7%
%	13.9%	13.6%		13.3%	12.1%	
TSR*	70,820.3	77,524.8	-8.6%	18,097.2	18,095.3	0.01%
%	76.8%	77.8%		75.6%	79.4%	
Concentrated Latex	6,047.4	6,436.4	-6.0%	2,057.5	1,462.1	40.7%
%	6.6%	6.5%		8.6%	6.4%	
Others**	2,471.9	2,080.0	18.8%	589.9	482.2	22.3%
%	2.7%	2.1%		2.5%	2.1%	
Total revenue	92,185.2	99,639.1	-7.5%	23,930.4	22,794.2	5.0%

Note: * Includes processing fee for Thai Government commencing to record from Q3 2012 onwards.

** Comprises revenue from (i) the sale of dried rubber wood and wood packing product 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.

Technically Specified Rubber (TSR)

Revenue from the sale of TSR, our core product, declined by 8.6% YoY due mainly to a decrease in average selling price of 21.0%, despite offset by the increase in sale volume of 15.6% YoY. Our strategic plan to gain more market share in China, the world's largest and fastest growing NR consumer, boosted growth of our TSR sale volume to be in line with growth of 2013 China NR import at 14.9% (Source: IRSG). The decrease in average selling price was in tandem with downtrend SICOM price throughout the year 2013 pressured by looming global economy and unfavorable NR supply excess.

In 2013, gross profit of TSR grew 7.9% YoY. Gross profit margin also rose from the previous year despite softening market sentiment.

Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS decreased by 5.5% YoY. Such decline was mainly driven by a decrease of average selling price by 17.8%, in line with SICOM price, although partly offset by 15.0% increase of sale volume.

In 2013, our gross profit from the sale of RSS increased by 22.0% YoY. Gross profit margin improved from 2012 when our gross profit margin was negatively affected by the price intervention scheme of the Thai government to buy rubber from farmers at prices above market prices.

Concentrated Latex

Revenue from the sale of Concentrated Latex was down 6.0% YoY. The decrease was attributable to a decline in average selling price of 18.6%, despite partially offset by 15.4% increase of sale volume. The increase in sale volume was due mainly to a pick-up in demand of NR as a raw material for glove manufacturers.

However, Concentrated Latex industry remained under pressure from price competition of NR vs NBR. Thus, our gross profit from the sale of Concentrated Latex in 2013 contracted by 36.1% YoY and gross profit margin also lowered from the earlier year.

Consolidated Balance Sheet

Current assets

Current assets increased by Baht 4,627.5 million, or 21.1%, to Baht 26,598.4 million for the year end 2013 which due primarily to an increase in inventories of Baht 3,430.4 million to support the increasing sale volume and preparation for upcoming low NR supply season during February to May, an increase in trade accounts receivables and other receivables of Baht 929.9 million from sale volume growth, and an increase in cash and cash equivalent of Baht 358.7 million, which were partially offset by a decrease in amount due from futures brokers of Baht 63.6 million and a decrease in derivative financial instruments of Baht 24.2 million.

At the end of 2013, 97.4% of our accounts receivable were not yet due or overdue less than 1 month while 0.6% was overdue by more than 1 year. The allowance for doubtful debts was 1.6% of total accounts receivable.

Non-current assets

Non-current assets increased by Baht 2,996.4 million, or 20.3%, to Baht 17,721.7 million for the year end 2013 which primarily consists of an increase in property, plants and equipment of Baht 2,891.5 million (net of depreciation and write-off) for the construction of our six new factories in Thailand and Indonesia as well as for acquisition of landbank for rubber plantation, an increase in investment in associates of Baht 85.1 million from increase of their operating results, and an increase in withholding tax deducted at source of Baht 70.3 million, which partially offset by a decrease in fixed deposits pledged as collateral of Baht 38.3 million and a decrease in deferred income tax assets of Baht 22.9 million.

Net book value of the Group's land and buildings as at 31 December 2013 (THB million):

Freehold land including land improvements	5,647.8
Leasehold land	166.5
Buildings and structures	2,934.9
Total	8,749.2

Current liabilities

Current liabilities increased by Baht 5,543.2 million, or 37.1%, to Baht 20,486.3 million for the year end 2013 which was mainly from an increase in short-term loans of Baht 2,050.0 million to support the expanding sale volume, an increase in current portion of debenture of Baht 1,600.0 million, an increase in trade accounts payable and other payables of Baht 1,503.6 million from an increase in raw material purchase, and an increase in derivative financial instruments of Baht 368.6 million.

Non-current liabilities

Non-current liabilities increased by Baht 951.3 million, or 33.8%, to Baht 3,767.5 million for the year ended 2013 which was primarily due to an increase in long-term loans (net of current portion) of Baht 1,712.9 million to support capacity expansion and land acquisition for rubber plantation, which partially offset by a decrease in debenture of Baht 700.0 million and a decrease in deferred income tax liabilities of Baht 103.0 million.

Shareholders' equity

Equity increased by Baht 1,129.5 million, or 6.0%, to Baht 20,066.3 million for the year end 2013 due mainly to net profit during the year, despite offset by dividend payment of Baht 640.0 million.

Consolidated Cash Flow

As at 31 December 2013, the Group had cash and cash equivalents of Baht 1,892.7 million, an increase of Baht 358.7 million, or 23.4% from 31 December 2012.

The Group generated cash flows from operations before net change in operating assets and liabilities of Baht 3,960.1 million. The Company used cash amounted Baht 3,087.7 million arising from change in our operating assets and liabilities which was due primarily to an increase in inventories of Baht 3,389.7 million and an increase in trade accounts receivable and other receivables of 944.2 million, which were partially offset by an increase in trade accounts payable and other payables of 1,206.0 million.

The Company paid employee benefits, interest, and income tax of Baht 1,235.9 million. Overall, the Company have net cash flows used in operating activities of Baht 363.6 million.

Investing activities utilised net cash flows of Baht 3,087.8 million, principally from investment in property, plants and equipment of Baht 3,664.0 million for the construction of our six new factories in Thailand and Indonesia as well as for the acquisition of landbank for rubber plantation. This was partially offset by dividend received of Baht 481.3 million from associate and joint venture companies.

Net cash flow provided by financing activities amounted to Baht 3,810.1 million mainly consisted of an increase of short-term loans and long-term loans from financial institutions of Baht 3,694.2 million and proceeds from issuance of debentures of Baht 900.0 million which was partially offset by dividend payment of Baht 640.0 million and repayment of long-term loans of Baht 114.0 million.

Source of Fund

In 2013, our capital expenditure was Baht 3,982.4 million, principally comprised Baht 2,046.5 million for construction and expansion of TSR block rubber facilities and Baht 1,833.4 for the expansion of rubber plantation business. Our 4 mains source of fund consisted of cash flows from operations, short-term and long-term facilities from financial institutions, debentures, and proceeds from IPO in Singapore of SGD 336.0 million. As at 31 December 2013, proceeds from IPO of SGD 43.9 million has not yet been used while only 40% of total loan facilities were utilised. Consequently, our debt to equity ratio was maintained at a conservative level of 1.21 times when compared with our competitors in the same industry. As at 31 December 2013, the Company were in compliance with all debt covenants.

Financial Ratios

Current ratios

Current ratio is calculated by dividing total current assets by total current liabilities. As at 31 December 2013 and 31 December 2012 our current ratios were 1.30 and 1.47 times, respectively. The marginal decrease in our current ratio was due primarily to an increase in total current liabilities at a faster rate than an increase in total current assets to support our business expansion.

Fixed asset turnover ratio

Fixed asset turnover ratio is calculated by dividing sales of goods and services by average property, plant and equipment (net). As at 31 December 2013 and 31 December 2012, our fixed asset turnovers were 8.03 and 11.38 times, respectively. A decrease in fixed asset turnover ratio was due mainly to an increase in property, plant and equipment and a decrease in revenues from NR products as a result of lower average selling prices.

Return on assets ("ROA")

ROA is calculated by dividing net profit (parent company) for the year by average total assets. As at 31 December 2013 and 31 December 2012, our ROA were 4.47% and 3.59%, respectively. An improvement of ROA was due to an increase in net profit at a faster rate than an increase in average total assets.

Return on equity ("ROE")

ROE is calculated by dividing net profit (parent company) for the year by average total equity. As at 31 December 2013 and 31 December 2012, our ROE were 9.29% and 7.46%, respectively. The increase in ROE was due mainly to an increase in net profit at a faster rate than an increase in average total equity.

Debt to equity ratio ("D/E")

D/E is calculated by dividing total debt by total equity. As at 31 December 2013 and 31 December 2012, our D/E were 1.21 and 0.94 times, respectively. The increase in D/E was due mainly to the increase in short-term and long-term loans from financial institutions to support the increasing sale volume, capacity expansion, and land acquisition for rubber plantation.

Business Outlook

Industry in general

	2012	2013	2014F
%Global Growth (GDP)	3.1%	3.0%	3.7%
Advance economies	1.4%	1.3%	2.2%
Emerging market and developing economies	4.9%	4.7%	5.1%
China (world's largest NR consumer)	7.7%	7.7%	7.5%
Vehicle production (mil. Unit)	85	88	93
% change	5.7%	3.7%	5.4%
Tyre production (mil. Unit)	1,596	1,657	1,740
% change	-0.8%	3.8%	5.0%
NR consumption ('000 tons)	11,016	11,291	11,888
% change	0.1%	2.5%	5.3%

Source : IMF and The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2013

Global economic development is the key indicator for tyre consumption and NR growth prospect as approximately 70% of Natural Rubber demand is driven by tyre industry which is dependent primarily on industrial growth and automobile industry. According to International Monetary Fund (IMF) forecast as of January 2014, global economic growth is expected to be slightly higher than 2013. This is due to the recovery of major advanced economies which would benefit to emerging markets and developing economies from such development as well. With this better growth prospect, NR consumption in 2014 is expected to grow at more exciting rate of 5.3% compared to stagnant and sluggish growth of NR consumption during the past two years.

Current low NR price is pressured by a number of factors. QE tapering commencing from early 2014 continues to create bearish NR market sentiment since it leads to capital reversal from emerging markets and adverse exchange rate movement. NR prices quoted in the US dollar term are unfavorably affected by the depreciation of NR major exporting country's currency, including Thai baht, Indonesian rupiah, and Malaysia ringgit, against the US dollar.

Demand & Supply Balance

World Natural Rubber production and consumption during 2012 - 2014

Unit : 000'tons	2012	2013	2014f
NR production	11,329	11,675	12,130
% change	2.5%	3.1%	3.9%
NR consumption	11,016	11,291	11,888
% change	0.1%	2.5%	5.3%
NR Balance	313	384	242

Source: The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2013

According to The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG) in December 2013, Global's Natural Rubber consumption in 2014 is expected to be 11,888,000 tons, up 5.3% from growth rate of the year 2013 at 2.5%. Such demand increase is in line with growth of tyre industry. Most growing demand comes primarily from China, the world's top NR consumer, India, Europe, and the US from their better economic conditions. Meanwhile, IRSG forecasted that total global Natural Rubber production will increase by 3.9% YoY to 12,130,000 tons. Such increase is mainly contributed by Thailand, Indonesia, India, CAMAL*, and China.

Note*: CAMAL countries include Cambodia, Myanmar and Lao PDR.

As the rubber trees take 6-7 years to be mature for tapping, new supply from new rubber plantation during upsurge of NR price during 2005-2008 will come out from 2011 onwards. The rubber surplus shall continue for the next couple of years as the increase in NR consumption may be insufficient to absorb the expansion of supply. However, with a lower tapping intensity curbed by less attractive NR price and an improvement in demand from China and some advanced countries, IRSG is anticipated that the supply surplus will be lower from 384,000 tons in 2013 to 242,000 tons in 2014.

Progress of our business growth plan in value chain

Our strategic plan to aggressively expand and penetrate across Natural Rubber supply chain remains on track.

Upstream Business – to achieve 8,000 hectares in 2014

The Company believes that having our own rubber plantation could increase opportunity to procure raw materials at more favorable prices in new rubber plantation zone, increase potential for new capacity expansion for our midstream operation, provide us supply insights, and ultimately increase sustainable profitability.

As at 31 December 2013 the Company had approximately 37,500 rai (6,000 hectares), of which approximately 10,000 rai (1,600 hectares) was additionally acquired during 2013. Most of our lands are in the North of Thailand where approximately 460 rai (74 hectares) are under tapping, 23,040 rai (3,686 hectares) have been planted and will be mature for tapping from 2016 onwards, and 14,000 rai (2,240 hectares) are land under development prepared for planting during raining season in 2014.

Midstream Business – to expand production capacity to reach 1.5 million by the end of 2015

The Company believes that higher market share is the headwind for long-term success in midstream business as the larger size of processing capacity will enable the Company to benefit from economies of scale and in an even better position to lead the Natural Rubber market.

As at 31 December 2013, our optimum annual capacity was registered at industry record at 1.3 million tons per annum. Total additional capacity from year ended 2012 came from new TSR plants in Ubon Ratchathani as well as the expansion capacity of TSR plant in Sikao, Trang Province and in Palembang (Indonesia) which became the largest single factory in Indonesia. The Company aims to reach capacity of 1.5 million tons per annum by the end of 2015. Production capacity in Myanmar will contribute a new source of supply to the Group by the end of 2014 while our 3rd plant in Indonesia in Muara Bungo province is also under construction. The additional capacity from new plants and expanded plants in Thailand will be completed in different timeline. The continuance of capacity expansion does not only allow us to create a strong foothold in many top producing countries but also enable us to maintain our leading position as the world's largest Natural Rubber producer.

Raw Material Procurement - to enhance the procurement stronghold

The Company continues to create a new effective communication strategy with the suppliers to ensure that the quality of the supplied raw materials will always meet our factories' requirement in order to save production cost and enhance production efficiency. Moreover, the Company has developed its own process and integrated system to create excellent interface with suppliers for long-term business partnership.

Customer Coverage – to expand into high potential markets

In 2013, our strategic plan to continuously expand in high potential markets, especially in China, was successfully accomplished. The Company's world market share increased from 9% in 2012 to 10% in 2013 and proportion of our sale volume to total China import improved from 13% in 2012 to 15% in 2013. Our newly established sales & distribution platform in Vietnam is expected to be commenced in second half of 2014. Though customer expansion in Chinese market is still our focus, the Company also reserves no spare efforts to penetrate into other high potential markets to ensure that all demands from customers throughout the world will be captured.

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 2013, the Audit Committee members attended a total of 8 meetings. All the members of the Audit Committee attended all 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 2013 together with the auditor, Chief Financial Officer (CFO), 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 prior to seeking the approval from the Executive Committee 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, appropriateness, and efficiency of the internal control system and risk management system.
- 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.
- Selected and nominated auditors of the Company and auditing fees for 2014 to be proposed to the Board of Directors to obtain an approval from the 2014 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 and risk management 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, the regulations of the Singapore Exchange Securities Trading Limited, 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,



(Mr. Prakob Visitkitjakarn)

Chairman of Audit Committee

27 February 2014

Report of the Board of Director's Responsibility for the Financial Reports

The Board of Directors is responsible for the stand-alone financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as the financial information stated in the Company's Annual Report. The financial statements ended on December 31, 2013 were prepared based on generally certified accounting standard with careful and reasonable judgment and disclosed adequate important information in the notes of the financial statement to accurately and transparently reflect the actual financial position, operating results and cash flow for the benefit of shareholders and other stakeholders. Such financial statements have been audited by PricewaterhouseCoopers ABAS Ltd. to which all related information and documents were provided to support their audit opinion.

The Board of Directors is responsible for overseeing the efficiency of financial reports by maintaining the good corporate governance, risk management system, and internal control system to ensure that the financial information records are accurate, timely, and sufficient. The Board also appointed an Audit Committee which consists of Independent Directors to review the accuracy and reliability of the financial reports, the effectiveness of internal control system and risk management system, and the appropriate disclosure of related party transactions. The opinion of the Audit Committee is provided in the Audit Committee Report as presented in this Annual Report.

From the aforementioned corporate governance and practical methods, the Board is of the opinion that the overall internal control system of the Company is satisfactorily effective and provides reasonable assurance that the stand-alone financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013 is accurate and reliable in accordance with generally accepted accounting practices and all relevant accounting and legal guidelines and policies.



Mr. Viyavood Sincharoenkul

Chairman and Managing Director

Auditor's Report

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

I have audited the accompanying consolidated and company financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries and of Sri Trang Agro-Industry Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2013 and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Sri Trang Agro-Industry Public Company Limited and its subsidiaries and of Sri Trang Agro-Industry Public Company Limited as at 31 December 2013 and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Unakorn Phruithithada
Certified Public Accountant (Thailand) No. 3257
PricewaterhouseCoopers ABAS Ltd.
Bangkok
28 February 2014

Statements of Financial Position

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2013

	Notes	Consolidated		Company	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7, 37	1,892,728,704	1,534,031,967	558,713,673	514,399,840
Derivative financial instruments	8, 37	75,974,417	100,138,703	60,511,268	43,227,574
Trade accounts receivable and other receivables, net	9	7,441,236,911	6,511,323,604	3,893,124,720	3,398,131,246
Amounts due from futures brokers	37	320,815,698	384,452,345	152,662,325	128,341,495
Inventories, net	10	16,581,938,622	13,151,553,435	7,196,300,579	5,937,818,322
Other current assets	11	285,719,524	289,421,154	51,450,218	36,248,902
Total current assets		26,598,413,876	21,970,921,208	11,912,762,783	10,058,167,379
Non-current assets					
Long-term loan to an associate	36.4, 37	65,355,600	60,774,600	1,053,927,701	60,774,600
Fixed deposits pledged as collateral	12, 37	61,185,033	99,481,761	13,128,278	12,989,591
Investments in subsidiaries	13	-	-	8,744,640,514	6,413,965,514
Investments in associates	13	3,541,181,387	3,456,056,184	712,177,500	717,802,500
Investment in a joint venture	13	489,247,987	489,343,161	20,099,800	20,099,800
Available-for-sale investments	14, 37	52,438,932	59,126,451	51,520,878	58,019,929
Property, plant and equipment, net	15	12,925,857,984	10,034,349,720	4,980,761,634	3,657,333,057
Intangible assets, net	16	27,046,829	21,446,266	14,032,131	9,981,850
Investment properties	17	176,254,186	160,407,667	27,769,750	27,769,750
Withholding tax deducted at source		240,009,472	169,720,598	171,483,080	110,994,525
Deferred income tax assets, net	18	121,784,907	144,706,429	-	-
Other non-current assets	19	21,326,641	29,832,649	11,749,609	10,505,180
Total non-current assets		17,721,688,958	14,725,245,486	15,801,290,875	11,100,236,296
Total assets		44,320,102,834	36,696,166,694	27,714,053,658	21,158,403,675

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Financial Position (Cont'd)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2013

		Consolidated		Company	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
	Notes	Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable and other payables	20	3,932,109,410	2,428,509,535	1,898,141,014	1,005,439,980
Short-term loans from financial institutions	21, 37	14,223,084,711	12,173,049,092	5,985,183,000	3,689,464,000
Current portion of long-term loans from financial institutions	21, 37	113,404,000	114,000,000	-	-
Current portion of debentures	21, 37	1,600,000,000	-	1,600,000,000	-
Current portion of finance lease liabilities	21, 37	17,873,880	9,836,852	4,399,946	5,879,822
Derivative financial instruments	8	532,851,063	164,233,976	433,015,611	62,309,409
Current income tax liabilities		20,490,118	8,199,893	-	-
Other current liabilities	22	46,473,277	45,300,797	12,667,203	17,829,132
Total current liabilities		20,486,286,459	14,943,130,145	9,933,406,774	4,780,922,343
Non-current liabilities					
Long-term loans from financial institutions	21, 37	2,113,726,000	400,860,000	2,020,000,000	200,000,000
Debentures	21, 37	1,450,000,000	2,150,000,000	1,450,000,000	2,150,000,000
Finance lease liabilities	21, 37	28,665,810	5,580,814	5,150,373	2,120,895
Deferred income tax liabilities, net	18	68,256,032	171,301,259	21,097,006	88,429,414
Provision for retirement benefit obligations	23	106,867,154	88,497,554	44,583,916	38,468,792
Total non-current liabilities		3,767,514,996	2,816,239,627	3,540,831,295	2,479,019,101
Total liabilities		24,253,801,455	17,759,369,772	13,474,238,069	7,259,941,444

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Financial Position (Cont'd)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2013

	Notes	Consolidated		Company	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	24				
Authorised share capital					
Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2012: 1,280,000,000 shares of par Baht 1 each)		1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Issued and paid-up share capital					
Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2012: 1,280,000,000 shares of par Baht 1 each)		1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Premium on share capital	24	8,550,989,821	8,550,989,821	8,550,989,821	8,550,989,821
Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	25	(173,134,488)	(173,134,488)	-	-
Asset revaluation surplus, net of accumulated depreciation	25	1,206,286,840	1,176,400,847	769,785,087	723,419,437
Unrealised gains on available-for-sale investments	25	8,546,917	13,525,669	8,095,919	12,889,314
Cumulative currency differences on translating financial information	25	(453,395,072)	(347,927,852)	-	-
Retained earnings					
Appropriated - legal reserve	26	128,000,000	128,000,000	128,000,000	128,000,000
Unappropriated		9,430,734,049	8,224,092,866	3,502,944,762	3,203,163,659
Total parent's shareholders' equity		19,978,028,067	18,851,946,863	14,239,815,589	13,898,462,231
Non-controlling interests		88,273,312	84,850,059	-	-
Total shareholders' equity		20,066,301,379	18,936,796,922	14,239,815,589	13,898,462,231
Total liabilities and shareholders' equity		44,320,102,834	36,696,166,694	27,714,053,658	21,158,403,675

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Comprehensive Income

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

		Consolidated		Company	
		2013	2012	2013	2012
	Notes	Baht	Baht	Baht	Baht
Revenues from sales of goods and services	29, 39	92,185,181,108	99,639,102,203	42,962,452,166	44,988,774,718
Cost of sales and services		(86,996,064,553)	(94,864,018,497)	(40,447,939,428)	(42,586,667,828)
Gross profit		5,189,116,555	4,775,083,706	2,514,512,738	2,402,106,890
Other income	30	259,992,906	363,858,378	944,090,588	461,845,353
Selling expenses		(2,358,534,102)	(2,888,026,707)	(1,774,987,092)	(1,891,022,855)
Administrative expenses		(1,230,652,528)	(1,033,391,450)	(587,926,504)	(434,576,254)
Gains on exchange rate, net		312,503,329	815,109,695	33,701,153	638,169,959
Other gains (losses), net	32	338,615,468	(340,693,172)	53,359,271	(20,208,427)
Operating profit		2,511,041,628	1,691,940,450	1,182,750,154	1,156,314,666
Share of profit from investments in associates and a joint venture	13	495,574,747	526,808,922	-	-
Profit before net finance costs and income tax		3,006,616,375	2,218,749,372	1,182,750,154	1,156,314,666
Finance income		46,059,709	15,225,852	66,811,246	7,316,654
Finance costs		(1,075,346,095)	(709,738,968)	(318,629,853)	(207,966,743)
Finance costs, net	31	(1,029,286,386)	(694,513,116)	(251,818,607)	(200,650,089)
Profit before income tax		1,977,329,989	1,524,236,256	930,931,547	955,664,577
Income tax expense	33	(148,786,168)	(145,694,517)	(14,086,261)	(26,930,362)
Profit for the years		1,828,543,821	1,378,541,739	916,845,286	928,734,215
Other comprehensive income:					
Asset revaluation surplus, net of tax		(9,303,707)	367,937,865	-	198,218,882
Change in tax rate used in deferred tax recognition		70,526,843	-	70,526,843	-
Change in fair value of available-for-sale investments, net of tax		(6,204,128)	12,925,279	(6,018,771)	12,729,696
Actuarial gains on defined employee benefit plan, net of tax		4,934,062	23,140,841	-	5,538,906
Currency differences on translating financial information		(120,564,777)	(236,605,700)	-	-
Other comprehensive income (expense) for the years, net of tax		(60,611,707)	167,398,285	64,508,072	216,487,484
Total comprehensive income for the years		1,767,932,114	1,545,940,024	981,353,358	1,145,221,699

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Comprehensive Income (Cont'd)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

		Consolidated		Company	
		2013	2012	2013	2012
	Notes	Baht	Baht	Baht	Baht
Profit for the years attributable to:					
Owners of the parent		1,811,595,354	1,378,887,916	916,845,286	928,734,215
Non-controlling interests		16,948,467	(346,177)	-	-
Profit for the years		1,828,543,821	1,378,541,739	916,845,286	928,734,215
Total comprehensive income for the years attributable to:					
Owners of the parent		1,766,081,205	1,555,498,819	981,353,358	1,145,221,699
Non-controlling interests		1,850,909	(9,558,795)	-	-
Total comprehensive income for the years		1,767,932,114	1,545,940,024	981,353,358	1,145,221,699
Earnings per share					
Basic earnings per share	34	1.42	1.08	0.72	0.73

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Changes in Shareholders' Equity

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

Consolidated																						
Attributable to owners of the parent																						
	Note	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests					Asset revaluation surplus, net of accumulated depreciation		Unrealised gains on available-for-sale investments		Cumulative currency differences on translating financial information		Retained earnings		Total owners of the parent		Non-controlling interests		Total shareholders' equity			
		Issued and paid-up share capital	Baht	8,550,989,821	Baht	(173,134,488)	Baht	1,176,400,847	Baht	13,525,669	Baht	(347,927,852)	Baht	128,000,000	Baht	8,224,092,866	Baht	18,851,946,863		Baht	84,850,059	
																						Baht
Opening balance as at 1 January 2013		1,280,000,000	Baht	8,550,989,821	Baht	(173,134,488)	Baht	1,176,400,847	Baht	13,525,669	Baht	(347,927,852)	Baht	128,000,000	Baht	8,224,092,866	Baht	18,851,946,863	Baht	84,850,059	Baht	18,936,796,922
Profit for the year		-		-		-		-		-		-		-		1,811,595,354		1,811,595,354		16,948,467		1,828,543,821
Other comprehensive income																						
Asset revaluation surplus, net of tax		-		-		-		(9,303,707)		-		-		-		-		(9,303,707)		-		(9,303,707)
Change in tax rate used in deferred tax recognition		-		-		-		68,774,887		1,225,376		-		526,579		70,526,843		70,526,843		-		70,526,843
Depreciation transfer on assets revaluation, net of tax		-		-		-		(29,585,188)		-		-		-		29,585,188		-		-		-
Change in fair value of available-for-sale investments, net of tax		-		-		-		-		(6,204,128)		-		-		-		(6,204,128)		-		(6,204,128)
Actuarial gains on defined employee benefit plans, net of tax		-		-		-		-		-		-		-		4,934,062		4,934,062		-		4,934,062
Currency differences on translating financial information		-		-		-		-		-		(105,467,220)		-		-		(105,467,220)		(15,097,557)		(120,564,777)
Total other comprehensive income, net of tax		-		-		-		29,885,993		(4,978,752)		(105,467,220)		-		35,045,829		(45,514,150)		(15,097,557)		(60,611,707)
Total comprehensive income		-		-		-		29,885,993		(4,978,752)		(105,467,220)		-		1,846,641,183		1,766,081,204		1,850,910		1,767,932,114
Transactions with shareholders' equity																						
Adjustment of non-controlling interests	35	-		-		-		-		-		-		-		-		-		1,573,490		1,573,490
Dividend payment		-		-		-		-		-		-		-		(640,000,000)		(640,000,000)		-		(640,000,000)
Dividend payment from subsidiaries to non-controlling interests		-		-		-		-		-		-		-		-		-		(1,147)		(1,147)
Total transactions with shareholders' equity		-		-		-		-		-		-		-		(640,000,000)		(640,000,000)		1,572,343		(638,427,657)
Closing balance as at 31 December 2013		1,280,000,000	Baht	8,550,989,821	Baht	(173,134,488)	Baht	1,206,286,840	Baht	8,546,917	Baht	(453,395,072)	Baht	128,000,000	Baht	9,430,734,049	Baht	19,978,028,067	Baht	88,273,312	Baht	20,066,301,379

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Changes in Shareholders' Equity (Cont'd)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries For the year ended 31 December 2013

	Note	Consolidated											
		Attributable to owners of the parent											
		Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests		Asset revaluation surplus, net of accumulated depreciation		Unrealised gains on available-for-sale investments		Cumulative currency differences on translating financial information		Retained earnings Appropriated - legalreserve		Total owners of the parent	
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2012		1,280,000,000	8,550,989,821	(173,134,488)	833,185,039	600,390	(120,534,770)	128,000,000	7,437,342,052	17,936,448,044	94,409,761	18,030,857,805	
Profit for the year		-	-	-	-	-	-	-	1,378,887,916	1,378,887,916	(346,177)	1,378,541,739	
Other comprehensive income													
Asset revaluation surplus, net of tax		-	-	-	367,937,865	-	-	-	-	367,937,865	-	367,937,865	
Depreciation transfer on assets revaluation, net of tax		-	-	-	(23,668,399)	-	-	-	23,668,399	-	-	-	
Disposal of assets, net of tax		-	-	-	(1,053,658)	-	-	-	1,053,658	-	-	-	
Change in fair value of available-for-sale investments, net of tax		-	-	-	-	12,925,279	-	-	-	12,925,279	-	12,925,279	
Actuarial gains on defined employee benefit plans, net of tax		-	-	-	-	-	-	-	-	-	-	-	
Currency differences on translating financial information		-	-	-	-	-	(227,393,082)	-	-	(227,393,082)	(9,212,618)	(236,605,700)	
Total other comprehensive income, net of tax		-	-	-	343,215,808	12,925,279	(227,393,082)	-	47,862,898	176,610,903	(9,212,618)	167,398,285	
Total comprehensive income		-	-	-	343,215,808	12,925,279	(227,393,082)	-	1,426,750,814	1,555,498,819	(9,558,795)	1,545,940,024	
Transactions with shareholders' equity													
Dividend payment	35	-	-	-	-	-	-	-	(640,000,000)	(640,000,000)	-	(640,000,000)	
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(907)	(907)	
Total transactions with shareholders' equity		-	-	-	-	-	-	-	(640,000,000)	(640,000,000)	(907)	(640,000,907)	
Closing balance as at 31 December 2012		1,280,000,000	8,550,989,821	(173,134,488)	1,176,400,847	13,525,669	(347,927,852)	128,000,000	8,224,092,866	18,851,946,863	84,850,059	18,936,796,922	

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Changes in Shareholders' Equity (Cont'd)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries For the year ended 31 December 2013

	Note	Company						
		Issued and paid-up share capital	Premium on share capital	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Retained earnings		Total shareholders' equity
		Baht	Baht	Baht	Baht	Appropriated - legal reserve	Unappropriated	Baht
Opening balance as at 1 January 2013		1,280,000,000	8,550,989,821	723,419,437	12,889,314	128,000,000	3,203,163,659	13,898,482,231
Profit for the year		-	-	-	-	-	916,845,286	916,845,286
Other comprehensive income								
Change in tax rate used in deferred tax recognition		-	-	68,774,888	1,225,376	-	526,579	70,526,843
Depreciation transfer on assets revaluation, net of tax		-	-	(22,409,238)	-	-	22,409,238	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	(6,018,771)	-	-	(6,018,771)
Total other comprehensive income, net of tax		-	-	46,365,650	(4,793,395)	-	22,935,817	64,508,072
Total comprehensive income		-	-	46,365,650	(4,793,395)	-	939,751,103	981,353,358
Transactions with shareholders' equity								
Dividend payment	35	-	-	-	-	-	(640,000,000)	(640,000,000)
Total transactions with shareholders' equity		-	-	-	-	-	(640,000,000)	(640,000,000)
Closing balance as at 31 December 2013		1,280,000,000	8,550,989,821	769,785,087	8,095,919	128,000,000	3,502,944,762	14,239,815,589

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Changes in Shareholders' Equity (Cont'd)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries For the year ended 31 December 2013

	Note	Company						
		Issued and paid-up share capital	Premium on share capital	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Retained earnings		Total shareholders' equity
		Baht	Baht	Baht	Baht	Appropriated - legal reserve	Unappropriated	Baht
Opening balance as at 1 January 2012		1,280,000,000	8,550,989,821	541,438,028	159,618	128,000,000	2,892,653,065	13,393,240,532
Profit for the year		-	-	-	-	-	928,734,215	928,734,215
Other comprehensive income								
Asset revaluation surplus, net of tax		-	-	198,218,882	-	-	-	198,218,882
Depreciation transfer on assets revaluation, net of tax		-	-	(16,237,473)	-	-	16,237,473	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	12,729,696	-	-	12,729,696
Actuarial gains on defined employee benefit plans, net of tax		-	-	-	-	-	5,538,906	5,538,906
Total other comprehensive income, net of tax		-	-	181,981,409	12,729,696	-	21,776,379	216,487,484
Total comprehensive income		-	-	181,981,409	12,729,696	-	950,510,594	1,145,221,699
Transactions with shareholders' equity								
Dividend payment	35	-	-	-	-	-	(640,000,000)	(640,000,000)
Total transactions with shareholders' equity		-	-	-	-	-	(640,000,000)	(640,000,000)
Closing balance as at 31 December 2012		1,280,000,000	8,550,989,821	723,419,437	12,889,314	128,000,000	3,203,163,659	13,898,462,231

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Statements of Cash Flows

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

		Consolidated		Company	
		2013	2012	2013	2012
	Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax		1,977,329,989	1,524,236,256	930,931,547	955,664,577
Adjustments for:					
Unrealised (gains) losses on foreign currency translations		268,331,509	(57,207,268)	(93,153,101)	2,130,400
Unrealised (gains) losses from revaluation of derivative financial instruments		392,781,372	(718,839,139)	353,422,509	(478,381,579)
(Reversal of) allowance for impairment of trade accounts receivable		14,247,714	41,187,383	44,224,354	(26,275,665)
(Reversal of) allowance for inventory cost in excess of net realisable value		(40,666,543)	(753,018,588)	642,251	(111,752,672)
Provision for retirement benefit obligations	23, 28	25,080,515	14,104,046	6,115,124	4,510,859
Depreciation charges	15, 27	731,829,679	612,285,576	275,816,997	202,254,556
Amortisation charges	16, 27	8,562,058	8,791,935	4,058,012	3,656,961
Loss on asset revaluation	15	36,740,002	15,578,540	-	10,645,564
Finance costs	31	1,075,346,095	709,738,968	318,629,853	207,966,743
Dividend income	30	(22,894,631)	(1,258,102)	(761,114,099)	(192,099,976)
Share of profit from investments in associates and a joint venture	13	(495,574,747)	(526,808,922)	-	-
(Gains) losses on disposal and write-off of property, plant and equipment and intangible assets		(4,213,495)	(11,515,642)	965,896	(6,168,401)
Gain from revaluation of investment properties	17	(6,306,672)	(33,483,769)	-	(4,919,750)
Gain on disposal of investment in an associate		(461,125)	-	(406,875)	-
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
- Trade accounts receivable and other receivables		(944,161,021)	1,234,935,897	(539,217,829)	2,753,487,572
- Amounts due from futures brokers		63,636,647	21,967,531	(24,320,830)	(12,862,022)
- Inventories		(3,389,718,644)	4,938,061,621	(1,259,124,508)	744,186,432
- Other current assets		(33,211,018)	37,298,285	(15,201,315)	34,756
- Other non-current assets		8,506,009	(7,557,666)	(1,244,429)	(2,390,025)
Increase (decrease) in operating liabilities					
- Trade accounts payable and other payables		1,206,027,087	(111,886,251)	741,990,156	(539,045,035)
- Other current liabilities		1,172,480	(19,934,564)	(5,161,930)	(23,444,701)
Cash provided by (used in) operating activities		872,383,260	6,916,676,127	(22,148,217)	3,487,198,594
Interest paid		(1,047,483,652)	(714,482,072)	(291,297,528)	(213,986,591)
Income tax paid		(188,326,217)	(414,770,052)	(70,900,101)	(186,569,512)
Employee benefits paid	23	(132,165)	(2,222,800)	-	(1,416,000)
Net cash provided by (used in) operating activities		(363,558,774)	5,785,201,203	(384,345,846)	3,085,226,491

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Cash paid for long-term loans to an associate		-	-	(900,000,000)	-
(Increase) decrease in fixed deposits pledged as collateral		38,296,728	44,001,562	(138,687)	(394,921)
Increase in available-for-sale investments	14	-	(214,000)	-	(189,000)
Dividends received		481,324,118	136,697,389	761,114,099	192,099,976
Cash paid for investments in subsidiaries and associates	13	-	(8,000,000)	(2,330,675,000)	(1,291,200,000)
Proceeds from business dissolution of an associate		6,836,125	-	6,031,875	-
Proceeds from disposal of property, plant and equipment and intangible assets		49,741,275	62,039,848	1,020,370	18,175,121
Cash paid for purchases of property, plant and equipment and intangible assets		(3,664,039,761)	(2,927,550,390)	(1,476,898,781)	(947,263,128)
Cash paid for purchases of investment properties	17	-	(27,289,412)	-	-
Net cash used in investing activities		(3,087,841,515)	(2,720,315,003)	(3,939,546,124)	(2,028,771,952)
Cash flows from financing activities					
Increase (decrease) in short-term loans from financial institutions		1,867,963,016	(3,235,530,716)	2,295,719,000	(862,127,000)
Proceeds from long-term loans		1,826,270,000	200,000,000	1,820,000,000	200,000,000
Repayments of long-term loans		(114,000,000)	(120,000,000)	-	-
Proceeds from issuance of debentures		900,000,000	-	900,000,000	-
Payments on finance lease liabilities		(31,708,333)	(8,343,561)	(7,513,197)	(6,361,631)
Dividend payment	35	(640,000,000)	(640,000,000)	(640,000,000)	(640,000,000)
Dividend payment from subsidiaries to non-controlling interests		(1,147)	(907)	-	-
Proceeds from capital increase from non-controlling interests		1,573,490	-	-	-
Net cash provided by (used in) financing activities		3,810,097,026	(3,803,875,184)	4,368,205,803	(1,308,488,631)
Net increase (decrease) in cash and cash equivalents		358,696,737	(738,988,984)	44,313,833	(252,034,092)
Cash and cash equivalents at the beginning of the years		1,534,031,967	2,273,020,951	514,399,840	766,433,932
Cash and cash equivalents at the end of the years	7	1,892,728,704	1,534,031,967	558,713,673	514,399,840
Supplementary information for cash flows					
Cash paid for purchases of property, plant and equipment and intangible assets:					
Property, plant and equipment and intangible assets acquired		(3,996,580,462)	(2,928,973,717)	(1,609,340,134)	(960,442,791)
Increase in liabilities under finance lease liabilities		62,830,357	-	9,062,800	-
Increase in payable from purchases of assets		269,710,344	1,423,327	123,378,553	13,179,663
Cash paid for purchases of property, plant and equipment and intangible assets		(3,664,039,761)	(2,927,550,390)	(1,476,898,781)	(947,263,128)

The notes to the consolidated and Company financial statements on pages 174 to 266 form an integral part of the financial statements.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

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 on 22 August 1991. In addition, the Company placed new ordinary shares on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 31 January 2011. The address of its registered office is as follows:

10 Soi 10, Phetkasem Road, Hat Yai, Songkhla, Thailand.

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

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 28 February 2014.

2 Basis of financial statement 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 Financial Reporting 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 the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies

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

3.1 Revised accounting standards and revised financial reporting standards that are effective for the periods beginning on or after 1 January 2014

The Group has not applied the following revised accounting standards and revised financial reporting standards before the standards come into effect:

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of cash flows
TAS 12 (Revised 2012)	Income taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee benefits
TAS 21 (Revised 2012)	The effects of changes in foreign exchange rates
TAS 24 (Revised 2012)	Related party disclosures
TAS 28 (Revised 2012)	Investments in associates
TAS 31 (Revised 2012)	Interest in joint ventures
TAS 34 (Revised 2012)	Interim financial reporting
TAS 36 (Revised 2012)	Impairment of assets
TAS 38 (Revised 2012)	Intangible assets
TFRS 2 (Revised 2012)	Share-based payment
TFRS 3 (Revised 2012)	Business combinations
TFRS 5 (Revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (Revised 2012)	Operating segments

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.1 Revised accounting standards and revised financial reporting standards that are effective for the periods beginning on or after 1 January 2014 (Cont'd)

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard will not significantly impact to the Group.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange difference relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2011. This standard has no impact to the Group.

TAS 24 (revised 2012) 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 related parties. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity loses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity loses joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.1 Revised accounting standards and revised financial reporting standards that are effective for the periods beginning on or after 1 January 2014 (Cont'd)

TAS 36 (revised 2012) clarifies that goodwill being allocated to cash-generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Group.

TAS 38 (revised 2012) clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognised separately from goodwill, but together with related item. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.

TFRS 2 (revised 2012) expands the scope to cover classification and accounting of both cash-settled and equity-settled share-based payment transactions in group situation. This standard has no impact to the Group.

TFRS 3 (revised 2012) amends the measurement required for non-controlling interests. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation. All other component of non-controlling interests is measured at fair value unless another measurement basis is required by TFRS. The application guidance in TFRS 3 (revised 2012) also applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. This standard has no impact to the Group.

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires. This standard has no impact to the Group.

TFRS 8 (revised 2013) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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3 Accounting policies (Cont'd)

3.2 Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations committee (TSIC) effective for the periods beginning on or after 1 January 2014

TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Website costs

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact to the Group.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. This interpretation is not relevant to the Group's operations.

TFRIC 5 provide guidance on accounting in the financial statements of a contributor for interests arising from decommissioning funds that the assets are administered separately and a contributor's right to access the assets is restricted. This interpretation is not relevant to the Group's operations.

TFRIC 7 provides guidance on how to apply the requirements of TAS 29, Financial Reporting in Hyperinflationary Economics, in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. This interpretation is not relevant to the Group's operations.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. This interpretation is not relevant to the Group's operations.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.2 Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations committee (TSIC) effective for the periods beginning on or after 1 January 2014 (Cont'd)

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. This interpretation is not relevant to the Group's operations.

TFRIC 17 provides guidance on accounting for the distributions of non-cash assets to owners acting in their capacity as owners. The interpretation addresses the issues on the dividend payable recognition and measurement and the accounting for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when an entity settles the dividend payable. This interpretation has no impact to the Group.

TFRIC 18 sets out the accounting for transfers of items of property, plant and equity by entities that receive such transfers from their customers. Agreements within the scope of this interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect to a network or to provide the customer with ongoing access to supply of goods or services. The interpretation addresses the issues on the initial recognition and the accounting treatment of the transferred assets. This interpretation has no impact to the Group.

TSIC 15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Group.

TSIC 27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS17 "Leases". The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This interpretation has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity website for internal or external access. The entity shall comply with the requirements described in TAS 38 "Intangible Assets". This interpretation has no impact to the Group.

3.3 New accounting standard which is effective for the periods beginning on or after 1 January 2016

TFRS 4 Insurance Contracts

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. This standard is not relevant to the Group's operations.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

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

(a) Subsidiaries

Subsidiaries are all entities (including special purpose 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 other entities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are 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 either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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 Group's share of the identifiable net asset acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss, in statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's subsidiaries is set out in Note 13.1.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

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

(b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but the significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(c) 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. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (if any).

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. 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. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the Company's separate financial statements, investment in associates is accounted for using the cost method of accounting.

A list of the Group's associates is set out in Note 13.2.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

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

(d) 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 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 statement of comprehensive income, 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 13.3.

3.5 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, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Thai Baht 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 profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.5 Foreign currency translation (Cont'd)

(c) Group companies

The results and financial position 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:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.6 Cash and cash equivalents

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and Company statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

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

3.7 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 profit or loss within administrative expenses.

3.8 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.9 Investments

Investments other than the investments in subsidiaries, associates and an interest in a joint venture are classified into the following four categories: 1. Trading investments, 2. Held-to-maturity investments, 3. Available-for-sale investments, and 4. 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 investing and re-evaluates such designation on a regular basis.

- (a) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations less than three months from the date of acquisition in price are classified as trading investments and included in current assets.
- (b) 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 maturities within 12 months from the statement of financial position date which are classified as current assets.
- (c) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in market prices or interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (d) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand.

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

General investments are carried at cost less impairment loss.

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 comprehensive 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 comprehensive 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.10 Property, plant and equipment

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

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 land and building are credited to statement of comprehensive income and shown as "revaluation surplus" in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against "revaluation surplus" directly in equity; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from "revaluation surplus" 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 allowance for impairment.

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	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.10 Property, plant and equipment (Cont'd)

Repairs and maintenance are charged to the statement of comprehensive income 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.

3.11 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 3 - 5 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.

3.12 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at fair value, as determined by an independent professional valuer. Changes in fair values are recognised in profit or loss.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed when incurred.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.13 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 is separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.14 Financial instruments

3.14.1 Financial assets

(a) Classification

The Group and the Company 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.

(1) Financial assets at fair value through profit or 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 at fair value through profit or loss at inception are those that are managed and their performances 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 date of the statement of financial position.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with 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 date of the statement of financial position, which are presented as non-current assets. Loans and receivables are presented as "loans and trade accounts receivable" and "cash and cash equivalents" in the statement of financial position.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.14 Financial instruments (Cont'd)

3.14.1 Financial assets (Cont'd)

(a) Classification (Cont'd)

(3) 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 and the Company 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 date of the statement of financial position, which are presented as current assets.

(4) 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 date of the statement of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date (the date on which the Group and the Company commit 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 and the Company have transferred substantially all of the risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sales 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.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group and the Company 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 loans 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.14 Financial instruments (Cont'd)

3.14.1 Financial assets (Cont'd)

(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.

(e) *Impairment*

The Group and the Company assess at the date 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.

(1) 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 classed as 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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3 Accounting policies (Cont'd)

3.14 Financial instruments (Cont'd)

3.14.1 Financial assets (Cont'd)

(e) *Impairment (Cont'd)*

(2) 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 classed as objective evidence that the security is impaired.

The cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from shareholders' equity and recognised in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through 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.

3.14.2 Offsetting financial instruments

Financial assets and liabilities are offsetted 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.

3.14.3 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 the 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 and the Company use a variety of methods and makes assumptions that are based on the market conditions existing at each statement of financial position date. 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.14 Financial instruments (Cont'd)

3.14.4 Derivative financial instruments

Derivative financial instruments comprise foreign exchange swaps, foreign exchange options, forward foreign exchange contracts, rubber futures and physical forward 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 set off exists. Derivative financial instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

3.15 Borrowings

Borrowings comprise borrowing from financial institutions and debentures. Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.16 Leases - where the Group and the Company are 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 comprehensive 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 comprehensive 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.

3.17 Current and deferred income taxes

The tax expense for the period comprises current and deferred taxes. 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 date of statements of financial position 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 regulations are 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 statement of financial position. 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 date of statements of financial position 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, and joint ventures, 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.17 Current and deferred income taxes (Cont'd)

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 related 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.

3.18 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 statement of comprehensive income in the accounting period in which they occur.

(b) Post-employment benefit obligations

The Group provides 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 with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period, 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 charged or credited to other comprehensive income in the period in which they arise.

3.19 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

3 Accounting policies (Cont'd)

3.20 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.

3.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services 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

Sales of goods are recognised when significant risks and rewards of ownership of the products are transferred to the buyer and the collectibility of the related receivable is reasonably assured.

(b) Rendering of services

Revenue from services is recognised accordance with its percentage of completion.

(c) Interest income

Interest income is recognised on an accrual basis unless collectibility is in doubt using the effective interest method.

(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.

3.22 Dividend distribution

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

3.23 Segment reporting

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.

Notes to the Consolidated and Company Financial Statements

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For the year ended 31 December 2013

4 Critical accounting estimates and judgments

Estimates and judgments 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.

4.1 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 the use of 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.

4.2 Income taxes and deferred income taxes

The Group are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. In addition, deferred tax assets and liabilities are recognised from temporary differences arising between tax bases of assets and liabilities and their carrying amounts for accounting purposes as at the date of statement of financial position. Significant management judgment is used in considering whether it is highly probable that the Group will generate sufficient taxable profits from its future operations to minimise these deferred tax assets. The Group’s assumptions regarding the future taxable profits and the anticipated timing of minimise of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

4.3 Post-Employment benefit obligations

The present value of post-employment benefit 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 determines 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 23 and 28, respectively.

5 Financial risk management

5.1 Financial risk factors

The Group’s and the Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s and the Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s and the Company’s financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

Risk management is carried out under supervision by the Group management, who identifies, evaluates and hedges financial risks but does not apply hedge accounting.

(a) Market risk

(i) Foreign exchange risk

The Group and the Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars. Foreign exchange risk arises from commercial transactions, net investment in foreign operations and borrowings. Management has set up policies to manage 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 and the Company 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 and the Company have certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

If Thai Baht had changed by 3% (2012: 2%) against the US dollars and 4% (2012: 1%) against the IDR with all other variables held constant, post-tax profit for the years, and shareholders' equity would have been impacted as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Impact to profit after tax in the statement of comprehensive income				
THB against USD				
- Weakened	(85,867)	(34,075)	(86,557)	(53,122)
- Strengthened	85,867	34,075	86,557	53,122
Impact to shareholders' equity in the statement of financial position				
THB against USD				
- Weakened	(101,803)	(52,868)	-	-
- Strengthened	101,803	52,868	-	-
THB against IDR				
- Weakened	(56,929)	(16,269)	-	-
- Strengthened	56,929	16,269	-	-

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Price risk

The Group and the Company are exposed to commodity price risk from the natural rubber industry. The Group and the Company have managed the risks arising from price fluctuations by managing raw material sourcing. If the price of natural rubber increases/decreases by 19% (2012: 17%), with all other variables held constant, post-tax profit for the years will increase/decrease as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Profit and loss	586,385	494,899	338,877	112,950

The Group and the Company are also exposed to equity securities price risk because of investments held by the Group and classified on the statements of financial position as available-for-sale. Some of the Group's and the Company'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 and the Company diversifies their portfolios.

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 17% (2012: 44%), 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:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Equity - unrealised gains on available-for-sale investments	7,196	21,365	8,293	21,427

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(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 the Company to cash flow interest rate risk. The Group and the Company manage their cash flow interest rate risk by entering into interest rate swap contracts. If the interest rate increases/decreases by 0.25% (2012: 0.5%), the post-tax profit for the years will increase/decrease as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Profit and loss	41,126	55,501	20,013	19,447

Borrowings which are issued at fixed rates expose the Group and the Company to fair value interest rate risk. However, changes in market interest rates will not have an impact on the statement of comprehensive income 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 the Company also assess credit quality of banks, financial institutions, and customers, taking into account their financial positions, past experience and other factors. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk

The Group and the 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 and the Company do 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 periods at the date of statements of financial position to the contractual maturity date. The negative figures represent cash to be inflows and positive figures represent cash to be outflows due to be mature. The amounts disclosed below are the contractual undiscounted cash flows.

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For the year ended 31 December 2013

5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

	Consolidated				
	Less than	Between	Between	Over	Total
	1 year	1 to 2 years	2 to 5 years	5 years	
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
At 31 December 2013					
Short-term loans from financial institutions	14,255,810	-	-	-	14,255,810
Trade accounts payable	2,845,107	-	-	-	2,845,107
Accrued expenses	597,027	-	-	-	597,027
Long-term loans from financial institutions	121,051	200,565	1,503,141	891,930	2,716,687
Debentures	1,670,400	-	1,680,106	-	3,350,506
Finance lease liabilities	19,683	16,519	13,584	-	49,786
Derivative financial instruments					
- Foreign exchange swaps	992,680	-	-	-	992,680
- Foreign exchange options (Sell)	(846,591)	-	-	-	(846,591)
- Rubber futures (Buy)	92,163	-	-	-	92,163
- Rubber futures (Sell)	(2,086,159)	-	-	-	(2,086,159)
- Forward foreign exchange contracts payments	7,508,459	-	-	-	7,508,459
- Forward foreign exchange contracts receipts	(7,739,537)	-	-	-	(7,739,537)
- Physical forward contracts (Buy)	352,821	-	-	-	352,821
- Physical forward contracts (Sell)	(536,869)	-	-	-	(536,869)
At 31 December 2012					
Short-term loans from financial institutions	12,204,252	-	-	-	12,204,252
Trade accounts payable	1,730,310	-	-	-	1,730,310
Accrued expenses	321,325	-	-	-	321,325
Long-term loans from financial institutions	130,719	121,682	328,180	-	580,581
Debentures	-	1,740,800	653,471	-	2,394,271
Finance lease liabilities	10,347	4,370	1,424	-	16,141
Derivative financial instruments					
- Foreign exchange options	6,117,131	-	-	-	6,117,131
- Rubber futures (Buy)	261,349	-	-	-	261,349
- Rubber futures (Sell)	(1,766,973)	-	-	-	(1,766,973)
- Forward foreign exchange contracts payments	5,691,005	-	-	-	5,691,005
- Forward foreign exchange contracts receipts	(5,593,450)	-	-	-	(5,593,450)
- Physical forward (Buy)	563,867	-	-	-	563,867
- Physical forward (Sell)	(346,246)	-	-	-	(346,246)

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

5 Financial risk management (Cont'd)

5.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

	Company				
	Less than	Between	Between	Over	Total
	1 year	1 to 2 years	2 to 5 years	5 years	
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
At 31 December 2013					
Short-term loans from financial institutions	5,994,424	-	-	-	5,994,424
Trade accounts payable	1,537,132	-	-	-	1,537,132
Accrued expenses	290,916	-	-	-	290,916
Long-term loans from financial institutions	-	109,288	1,495,513	891,930	2,496,731
Debentures	1,670,400	-	1,680,106	-	3,350,506
Finance lease liabilities	4,716	-	5,496	-	10,212
Derivative financial instruments					
- Foreign exchange swaps	992,680	-	-	-	992,680
- Foreign exchange options (Sell)	(846,591)	-	-	-	(846,591)
- Rubber futures (Sell)	(1,780,781)	-	-	-	(1,780,781)
- Forward foreign exchange contracts payments	5,501,226	-	-	-	5,501,226
- Forward foreign exchange contracts receipts	(5,557,489)	-	-	-	(5,557,489)
At 31 December 2012					
Short-term loans from financial institutions	3,698,583	-	-	-	3,698,583
Trade accounts payable	796,877	-	-	-	796,877
Accrued expenses	143,714	-	-	-	143,714
Long-term loans from financial institutions	-	-	236,732	-	236,732
Debentures	-	1,740,800	653,471	-	2,394,271
Finance lease liabilities	6,172	1,890	291	-	8,353
Derivative financial instruments					
- Foreign exchange options	4,885,740	-	-	-	4,885,740
- Rubber futures (Sell)	(670,637)	-	-	-	(670,637)
- Forward foreign exchange contracts payments	4,976,833	-	-	-	4,976,833
- Forward foreign exchange contracts receipts	(4,894,526)	-	-	-	(4,894,526)

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

5 Financial risk management (Cont'd)

5.2 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 the 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 the capital of the Group and the Company. The Group and the 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 statements of financial position both consolidation and company only.

The net debt to total equity ratios as at 31 December 2013 and 2012 were as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Total liabilities	24,253,801	17,759,370	13,474,238	7,259,941
<u>Less</u> Cash and cash equivalents	(1,892,729)	(1,534,032)	(558,714)	(514,400)
Net debt	22,361,072	16,225,338	12,915,524	6,745,541
Total equity	20,066,301	18,936,797	14,239,816	13,898,462
Net debt to total equity ratio	1.11	0.86	0.91	0.49

5.3 Fair value measurements

Assets and liabilities measured at fair value are classified by level of the following fair value measurement hierarchy:

Level 1 : Quoted prices in active markets for financial assets

Level 2 : 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 3 : Inputs for the assets or liabilities that are not based on observable market data

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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5 Financial risk management (Cont'd)

5.3 Fair value measurements (Cont'd)

The following table presents the Group's and Company's assets and liabilities that are measured at fair value.

	Consolidated			
	Level 1	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000	Baht'000
At 31 December 2013				
Available-for-sale investments				
- Equity securities	42,012	-	10,427	52,439
Financial assets at fair value through profit or loss				
- Trading derivatives	48,573	27,401	-	75,974
Financial liabilities at fair value through profit or loss				
- Trading derivatives	163,393	369,458	-	532,851
At 31 December 2012				
Available-for-sale investments				
- Equity securities	48,699	-	10,427	59,126
Financial assets at fair value through profit or loss				
- Trading derivatives	46,219	53,920	-	100,139
Financial liabilities at fair value through profit or loss				
- Trading derivatives	155,625	8,609	-	164,234

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5 Financial risk management (Cont'd)

5.3 Fair value measurements (Cont'd)

	Company			
	Level 1	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000	Baht'000
At 31 December 2013				
Available-for-sale investments				
- Equity securities	41,094	-	10,427	51,521
Financial assets at fair value through profit or loss				
- Trading derivatives	34,025	26,486	-	60,511
Financial liabilities at fair value through profit or loss				
- Trading derivatives	34,896	398,120	-	433,016
At 31 December 2012				
Available-for-sale investments				
- Equity securities	47,593	-	10,427	58,020
Financial assets at fair value through profit or loss				
- Trading derivatives	182	43,046	-	43,228
Financial liabilities at fair value through profit or loss				
- Trading derivatives	54,902	7,407	-	62,309

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 or 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.

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5 Financial risk management (Cont'd)

5.3 Fair value measurements (Cont'd)

During the current financial year, there was no movement in those instruments included in Level 3 (2012: no movement).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices
- Financial institution quotes for derivatives
- Fair value of forward foreign exchange contracts 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 physical forward contracts determined based on quoted market prices at the date of the statement of financial position

6 Segment information

The chief operating decision-maker (CODM) has been identified as the Managing Director (MD). The MD reviews the Group's internal reporting regularly in order to assess 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 financial statements.

Operating segments are defined as components of the Group for which separate financial statements available on a company basis is evaluated regularly by the MD.

There are two reportable segments as follows:

- (1) Natural Rubber Products: This segment is engaged in the manufacture, sale and trading of ribbed smoked sheets, concentrated latex and block rubbers. This segment also includes the manufacture and sale of powdered and powder-free latex examination gloves, escalator handrails, rubber injection-moulded goods, and high-pressure hydraulic hoses.
- (2) Other business: This segment is engaged in logistics services, research and development relating to machinery and production processes, and IT services. These services are provided mainly to the Group, with some services provided externally.

As at 31 December 2013, the Group operates two business segments in five main geographical areas (2012: five main geographical areas). The allocation of revenue to each geographical area is based on the origin of sales.

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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6 Segment information (Cont'd)

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2013:

	Natural Rubber Products					Other business	Total
	Thailand	Indonesia	Singapore	USA	China	Thailand	
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Segment revenues	65,457,392	12,905,031	25,988,245	4,582,517	842,805	2,625,538	112,401,528
Inter-segment revenues	(7,964,598)	(9,838,658)	(1,387,283)	(127)	-	(1,025,681)	(20,216,347)
Revenues from external customers	<u>57,492,794</u>	<u>3,066,373</u>	<u>24,600,962</u>	<u>4,582,390</u>	<u>842,805</u>	<u>1,599,857</u>	<u>92,185,181</u>
Depreciation and amortisation	(525,744)	(162,478)	(9,168)	(1,555)	(2,560)	(38,887)	(740,392)
Finance income	40,968	2,338	160	-	1,103	1,491	46,060
Finance costs	(410,902)	(600,896)	(25,147)	(36,900)	-	(1,501)	(1,075,346)
Share of profit from investments in associates and a joint venture	495,575	-	-	-	-	-	495,575
Income tax (expense) income	(15,908)	(35,436)	(44,467)	5,220	(14,267)	(43,928)	(148,786)
Profit for the year	<u>2,101,309</u>	<u>58,590</u>	<u>294,142</u>	<u>15,957</u>	<u>29,887</u>	<u>128,429</u>	<u>2,628,314</u>
Intersegmental balances							(799,770)
Total profit for the year							<u>1,828,544</u>
Total assets	<u>36,673,823</u>	<u>4,753,205</u>	<u>4,494,521</u>	<u>1,849,293</u>	<u>473,434</u>	<u>6,222,461</u>	<u>54,466,737</u>
Intersegmental balances							(10,146,634)
Total assets							<u>44,320,103</u>

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

6 Segment information (Cont'd)

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2012:

	Natural Rubber Products					Other business	Total
	Thailand	Indonesia	Singapore	USA	China	Thailand	
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Segment revenues	70,509,402	10,444,875	31,129,491	6,947,438	1,165,914	2,162,703	122,359,823
Inter-segment revenues	(12,526,808)	(7,312,287)	(2,045,316)	-	-	(836,310)	(22,720,721)
Revenues from external customers	<u>57,982,594</u>	<u>3,132,588</u>	<u>29,084,175</u>	<u>6,947,438</u>	<u>1,165,914</u>	<u>1,326,393</u>	<u>99,639,102</u>
Depreciation and amortisation	(434,754)	(146,909)	(8,130)	(1,307)	(1,822)	(28,156)	(621,078)
Finance income	8,599	2,114	1,897	-	1,395	1,221	15,226
Finance costs	(375,481)	(262,562)	(27,963)	(42,583)	-	(1,150)	(709,739)
Share of profit from investments in associates and a joint venture	526,809	-	-	-	-	-	526,809
Income tax (expense) income	(55,091)	45,204	68,171	(173,557)	(10)	(30,412)	(145,695)
Profit (loss) for the year	<u>1,989,881</u>	<u>(82,817)</u>	<u>(782,271)</u>	<u>98,072</u>	<u>5,049</u>	<u>113,887</u>	<u>1,341,801</u>
Intersegmental balances							36,741
Total profit for the year							<u>1,378,542</u>
Total assets	<u>28,559,976</u>	<u>4,136,898</u>	<u>4,210,351</u>	<u>2,013,472</u>	<u>307,317</u>	<u>4,169,893</u>	43,397,907
Intersegmental balances							(6,701,740)
Total assets							<u>36,696,167</u>

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

6 Segment information (Cont'd)

The non-current assets, excluding financial instruments, deferred income tax assets and withholding tax deducted at source, can be presented by geography as follows:

	Consolidated	
	2013	2012
	Baht'000	Baht'000
Thailand	11,384,093	8,335,192
Indonesia	1,557,246	1,733,429
Singapore	191,334	163,639
USA	5,297	2,535
China	12,516	11,241
Total	13,150,486	10,246,036

7 Cash and cash equivalents

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	27,759	60,601	19,262	4,248
Deposits held at call with banks	1,864,970	1,473,431	539,452	510,152
Total cash and cash equivalents	1,892,729	1,534,032	558,714	514,400

The effective interest rates on deposits held at call with banks were between 0.1% and 2.9% per annum (2012: 0.1% and 2.9% per annum).

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
USD	894,729	612,967	110,076	58,408
IDR	89,558	35,286	-	-
JPY	50,794	76,348	-	-
SGD	16,966	12,114	2,613	2,523
RMB	61,634	98,137	-	-
THB	779,048	699,180	446,025	453,469
Total cash and cash equivalents	1,892,729	1,534,032	558,714	514,400

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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8 Derivative financial instruments

	Consolidated			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
	Baht'000	Baht'000	Baht'000	Baht'000
Foreign exchange swaps	-	(107,411)	-	-
Foreign exchange options	-	(56,241)	10,674	(8,009)
Forward foreign exchange contracts	27,401	(313,217)	43,246	(600)
Rubber futures	35,157	(35,520)	11,266	(129,976)
Physical forward contracts	13,416	(20,462)	34,953	(25,649)
Total derivative financial instruments	75,974	(532,851)	100,139	(164,234)

	Company			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
	Baht'000	Baht'000	Baht'000	Baht'000
Foreign exchange swaps	-	(107,411)	-	-
Foreign exchange options	-	(56,241)	7,991	(6,807)
Forward foreign exchange contracts	26,486	(234,468)	35,055	(600)
Rubber futures	34,025	(34,896)	182	(54,902)
Total derivative financial instruments	60,511	(433,016)	43,228	(62,309)

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Notional amounts				
Foreign exchange swaps	992,680	-	992,680	-
Foreign exchange options (Buy)	-	5,288,814	-	3,997,424
Foreign exchange options (Sell)	846,591	3,835,076	846,591	2,603,686
Foreign exchange options (Collar)	-	888,316	-	888,316
Forward foreign exchange contracts	8,091,140	5,691,005	6,024,839	4,976,833
Rubber futures	2,178,323	2,028,322	1,780,781	670,637
Physical forward contracts	889,690	910,113	-	-

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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9 Trade accounts receivable and other receivables, net

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable - other companies	7,170,104	6,157,194	3,531,849	2,510,657
<u>Less</u> Allowance for impairment of trade accounts receivable	(118,667)	(103,933)	(57,439)	(12,972)
Total trade accounts receivable - other companies, net	7,051,437	6,053,261	3,474,410	2,497,685
Trade accounts receivable - related companies (Note 36.3)	127,622	113,078	289,611	779,479
Total trade accounts receivable, net (Note 37)	7,179,059	6,166,339	3,764,021	3,277,164
Advances for inventories	50,785	98,335	8,103	26,163
Prepaid expenses	139,475	211,100	34,538	66,629
Accrued income and other receivables	71,918	35,550	86,463	28,175
Total trade accounts receivable and other receivables, net	7,441,237	6,511,324	3,893,125	3,398,131

The aging analysis of the trade accounts receivable from the due date is as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Within credit terms	6,319,023	5,338,414	3,335,602	2,861,136
Overdue 1 - 30 days	786,400	863,318	402,249	400,664
Overdue 31 - 60 days	63,675	39,319	11,187	12,328
Overdue 61 - 90 days	1,704	2,934	1,592	1,850
Overdue 91 - 120 days	1,819	1,226	1,819	1,161
Overdue 121 - 365 days	77,904	970	55,768	25
More than 365 days	47,201	24,091	13,243	12,972
	7,297,726	6,270,272	3,821,460	3,290,136
<u>Less</u> Allowance for impairment of trade accounts receivable	(118,667)	(103,933)	(57,439)	(12,972)
Total trade accounts receivable, net	7,179,059	6,166,339	3,764,021	3,277,164

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

9 Trade accounts receivable and other receivables, net (Cont'd)

As at 31 December 2013 and 2012, trade accounts receivable - other companies as presented in the following table were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade accounts receivables - other companies is as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Overdue 1 - 90 days	850,170	833,262	414,505	414,842
Overdue 91 - 365 days	13,335	2,196	13,335	1,186
More than 365 days	74	-	27	-
Total	863,579	835,458	427,867	416,028

As at 31 December 2013 and 2012, trade accounts receivables - other companies as presented in the following table were impaired and allowance for impairment have been made. It was assessed that a portion of the receivables is expected to be recovered. The aging of these receivables before allowance of impairment is as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Within credit terms	5,152	24,962	-	-
Overdue 1 - 90 days	-	72,309	-	-
Overdue 91 - 365 days	66,388	-	44,223	-
More than 365 days	47,127	24,091	13,216	12,972
Total	118,667	121,362	57,439	12,972

Movements on allowance for impairment of trade receivables are as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance	103,933	63,307	12,972	39,248
Increases in allowance for impairment of trade accounts receivable	46,052	117,079	44,467	-
Reversals of allowance for impairment of trade accounts receivable	(31,318)	(76,453)	-	(26,276)
Ending balance	118,667	103,933	57,439	12,972

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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9 Trade accounts receivable and other receivables, net (Cont'd)

The creation and release of allowance for impairment of trade accounts 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.

The carrying amounts of trade accounts receivable - other companies before allowance for impairment are denominated in the following currencies:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
USD	6,092,444	5,491,411	2,658,630	1,899,257
RMB	46,055	6,838	-	-
THB	1,031,605	658,945	873,219	611,400
Total trade accounts receivable - other companies	7,170,104	6,157,194	3,531,849	2,510,657

10 Inventories, net

	Consolidated					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2013	2012	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	6,406,892	6,526,714	(41,157)	(79,627)	6,365,735	6,447,087
Work-in-progress	2,825,680	2,660,748	(34,790)	(39,864)	2,790,890	2,620,884
Raw materials, vessels and chemicals	7,279,947	3,971,169	(4,484)	(1,607)	7,275,463	3,969,562
Spare parts and supplies	149,851	114,020	-	-	149,851	114,020
Total	16,662,370	13,272,651	(80,431)	(121,098)	16,581,939	13,151,553

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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10 Inventories, net (Cont'd)

	Company					
	Allowance for inventory cost in excess of net					
	At cost		realisable value		Total inventories, net	
	2013	2012	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	2,682,492	2,876,801	-	-	2,682,492	2,876,801
Work-in-progress	1,043,659	974,696	-	-	1,043,659	974,696
Raw materials, vessels and chemicals	3,433,922	2,051,904	(642)	-	3,433,280	2,051,904
Spare parts and supplies	36,870	34,417	-	-	36,870	34,417
Total	7,196,943	5,937,818	(642)	-	7,196,301	5,937,818

During the year 2013, the cost of inventories for the consolidated financial statements is recognised as costs of sales and services amounting to Baht 83,104 million (2012: Baht 92,440 million) and for the Company financial statements amounting to Baht 38,937 million (2012: Baht 41,583 million).

Inventories are carried at lower of cost or net realisable value. As at 31 December 2013, the Group reserved an allowance for inventory cost in excess of net realisable value amounting to Baht 80 million (Company: Baht 1 million).

11 Other current assets

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Value added tax refundable	150,230	124,713	45,179	27,505
Others	135,490	164,708	6,271	8,744
Total other current assets	285,720	289,421	51,450	36,249

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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12 Fixed deposits pledged as collateral

Fixed deposits amounting to Baht 61 million (2012: Baht 100 million) are pledged as collateral for short-term loan facilities with several financial institutions and for bank guarantees. For the year ended 31 December 2013, the fixed deposits earned average interest rate of 0.1% to 2.8% per annum (2012: 0.3% to 2.8% per annum).

The carrying amounts of the fixed deposits pledge as collateral are denominated in the following currencies:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
USD	39,490	62,103	-	-
THB	21,695	37,379	13,128	12,990
Total fixed deposits pledged as collateral	61,185	99,482	13,128	12,990

13 Investments in subsidiaries, associates and a joint venture

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Net book amounts as at 1 January	3,945,399	3,579,062	7,151,868	5,860,668
Share of profits from investments, net of tax	495,575	526,809	-	-
Acquisitions (Disposals)	(6,375)	8,000	2,325,050	1,291,200
Dividend income (Note 36.1)	(458,429)	(135,439)	-	-
Currency differences on translating financial statement	54,259	(33,033)	-	-
Net book amounts as at 31 December	4,030,429	3,945,399	9,476,918	7,151,868

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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13 Investments in subsidiaries, associates and a joint venture (Cont'd)

13.1 Subsidiaries

The significant investments of the Company and its subsidiaries are as follows:

	Company				
	Activities	Countries of incorporation	% Ownership interest		
			2013	2012	
Subsidiaries					
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 products	Indonesia	90.00	90.00	
Anvar Parawood Co., Ltd.	Manufacture of parawood	Thailand	99.94	99.94	
Rubberland Products Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99	
Namhua 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 and palm plantation	Thailand	99.99	99.99	
Premier System Engineering Co., Ltd.	Providing engineering services	Thailand	99.99	99.99	
Starlight Express Transport Co., Ltd.	Providing 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	100.00	
Indirect subsidiaries					
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	100.00	100.00	
PT Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Manufacture of STR block rubber products	Indonesia	99.00	99.00	
Sri Trang Indochina (Vietnam) Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Distribution of rubber products	Vietnam	100.00	-	

The Board of Directors of Sri Trang International Pte Ltd. which is a subsidiary of the Company passed a resolution to approve the establishment of Sri Trang Indochina (Vietnam) Co., Ltd., a subsidiary registered in Vietnam. Sri Trang Indochina (Vietnam) Co., Ltd. was registered on 14 December 2013 with a registered capital of VND 21 billion (equivalent to Baht 32 million) and it is envisaged that it will be a wholly owned subsidiary of Sri Trang International Pte Ltd. As at 31 December 2013, Sri Trang Indochina (Vietnam) Co., Ltd. has not called for any capital injection.

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

13 Investments in subsidiaries, associates and a joint venture (Cont'd)

13.1 Subsidiaries (Cont'd)

The Company invested in the increase of the investments in subsidiaries can be summarised as follows:

	Relationships	Currencies	2013		2012	
			(Equivalent)		(Equivalent)	
			Amount	Baht Million	Amount	Baht Million
Sri Trang Rubber & Plantation Co., Ltd.	A subsidiary	Baht Million	-	1,670	-	1,130
Sri Trang International Pte Ltd.	An overseas subsidiary	USD Million	5	161	5	153
Rubberland Products Co., Ltd.	A subsidiary	Baht Million	-	500	-	-

13.2 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 follows:

			Baht'000				%
		Countries of				Profits	Ownership
Name	Activities	incorporation	Assets	Liabilities	Revenues	(losses)	interest
2013							
Direct associates							
Siam Sempermed Co., Ltd.	Manufacture of medical gloves	Thailand	3,004,295	412,645	3,897,508	371,676	40.23
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	561,288	88,821	620,034	113,688	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	692,882	443,855	2,099,315	34,268	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	124,861	78,246	5,338	(3,795)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	433,683	152,558	160,414	(22,722)	50.00
Sempermed Singapore Pte Ltd.	Investment holding in the company sales of medical gloves	Singapore	152,497	6,808	833	(1,412)	50.00

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13 Investments in subsidiaries, associates and a joint venture (Cont'd)

13.2 Associates (Cont'd)

Name	Activities	Countries of incorporation	Baht'000				%
			Assets	Liabilities	Revenues	Profits (losses)	Ownership interest
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Distribution of medical gloves	Brazil	54,368	16,112	-	(50,016)	50.00
Shanghai Sempermed Gloves Co., Ltd. (Formerly, Shanghai Foremost Plastic Industrial Co., Ltd. held by Siam Sempermed Co., Ltd.)	Manufacture of medical gloves	China	55,087	8,554	2,464	535	40.23
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.)	Manufacture of glove formers	Malaysia	33,604	14,929	45,109	1,846	41.43
2012 Direct associates							
Siam Sempermed Co., Ltd.	Manufacture of medical gloves	Thailand	3,548,770	1,025,646	4,137,992	267,238	40.23
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	511,834	68,124	616,647	102,930	42.50
Semperform Pacific Co., Ltd.	Manufacture of moulded parts	Thailand	6,912	22	162	125	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	716,629	520,344	2,157,356	37,134	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	105,917	56,504	7,808	(2,604)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	407,010	128,878	160,469	(10,695)	50.00

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13 Investments in subsidiaries, associates and a joint venture (Cont'd)

13.2 Associates (Cont'd)

Name	Activities	Countries of incorporation	Baht'000				% Ownership interest
			Assets	Liabilities	Revenues	Profits (losses)	
Sempermed Singapore Pte Ltd.	Investment holding in the company sales of medical gloves	Singapore	144,661	7,261	128	(1,164)	50.00
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Distribution of medical gloves	Brazil	178,344	85,003	404,477	(27,660)	50.00
Shanghai Sempermed Gloves Co., Ltd. (Formerly, Shanghai Foremost Plastic Industrial Co., Ltd. held by Siam Sempermed Co., Ltd.)	Manufacture of medical gloves	China	110,946	9,276	106,873	59,848	40.23
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore PteLtd.)	Manufacture of glove formers	Malaysia	26,125	9,282	25,073	(2,874)	41.43

The Company invested in the increase of the investments in associates which can be summarised as follows:

	Relationship	Currency	2013		2012	
			(Equivalent)		(Equivalent)	
			Amount	Baht Million	Amount	Baht Million
Pattana Agro Futures Co., Ltd.	An associate	Baht Million	-	-	-	8

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13 Investments in subsidiaries, associates and a joint venture (Cont'd)

13.3 An interest in a joint venture

The jointly controlled entity is as follows:

			Baht'000				%
Name	Activity	Country of incorporation					Ownership interest
			Assets	Liabilities	Revenues	Profits	
2013							
Thaitech Rubber Corporation Co., Ltd.	Manufacture of STR block rubber products	Thailand	1,482,968	1,014,209	3,657,748	51,494	33.50
2012							
Thaitech Rubber Corporation Co., Ltd.	Manufacture of STR block rubber products	Thailand	1,149,191	654,272	4,909,461	104,532	33.50

14 Available-for-sale investments

The movements in the available-for-sale investments for the years are as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amounts	59,126	43,652	58,020	42,779
Additions	-	214	-	189
Disposals	(15)	-	-	-
Changes in fair values of available-for-sale investments	(6,672)	15,260	(6,499)	15,052
Ending net book amounts	52,439	59,126	51,521	58,020

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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14 Available-for-sale investments (Cont'd)

Available-for-sale investments are analysed as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
At 31 December				
Investments in listed equity securities	42,012	48,699	41,094	47,593
Investments in unlisted equity securities	10,427	10,427	10,427	10,427
Total available-for-sale investments	52,439	59,126	51,521	58,020

Investments in listed equity securities

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Investments in listed equity securities at cost	32,776	32,791	32,352	32,352
Cumulative changes in fair value	9,236	15,908	8,742	15,241
Total investments in listed equity securities at fair value	42,012	48,699	41,094	47,593

The table below shows deferred income tax impact on unrealised gains on available-for-sale investments.

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Cumulative net gains from change in fair value	9,236	15,908	8,742	15,241
Effect on deferred income tax	(689)	(2,382)	(646)	(2,351)
Cumulative net gains from change in fair value, net of tax (Note 25)	8,547	13,526	8,096	12,890

Investments in non-listed equity securities

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Investments in non-listed equity securities at cost	10,427	10,427	10,427	10,427

The management of the Group is of the opinion that the cost of the non-listed equity securities remains the best estimate of the fair value unless the investment is impaired.

Notes to the Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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15 Property, plant and equipment, net

Baht'000						
Consolidated						
Revaluation/cost basis		Cost basis				Total
Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	
At 1 January 2012						
Cost	2,303,477	1,956,228	3,043,959	555,914	239,752	9,180,188
Add Surplus on asset revaluation	591,437	503,648	-	-	-	1,095,085
Less Cumulative losses from asset revaluation	(104,192)	(22,385)	-	-	-	(126,577)
Less Accumulated depreciation	(175,546)	(400,873)	(1,510,289)	(406,969)	(171,881)	(2,665,558)
Less Allowance for impairment	-	-	(7,541)	-	-	(7,541)
Net book value	2,615,176	2,036,618	1,526,129	148,945	67,871	7,475,597
For the year ended 31 December 2012						
Opening net book value	2,615,176	2,036,618	1,526,129	148,945	67,871	7,475,597
Additions	1,019,554	46,384	69,239	38,664	31,178	2,922,833
Transfers in (out)	75,541	570,545	614,281	21,395	34,560	-
Reclassification from other accounts	12,951	-	-	-	-	12,951
Disposals and write-offs, net	(21,504)	(317)	(5,560)	(125)	(135)	(50,715)
Asset revaluation surplus	338,230	112,695	-	-	-	450,925
Loss from asset revaluation	21,592	(37,170)	-	-	-	(15,578)
Depreciation charges (Note 27)	(41,302)	(146,209)	(354,989)	(43,943)	(25,843)	(612,286)
Currency translation differences, net	(8,443)	(42,801)	(37,372)	(6,425)	(906)	(149,377)
Closing net book value	4,011,795	2,539,745	1,811,728	158,511	106,725	10,034,350

Notes to the Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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15 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
At 31 December 2012						
Cost	3,305,612	2,301,624	602,805	298,623	1,405,846	11,540,013
Add Surplus on asset revaluation	928,318	616,343	-	-	-	1,544,661
Less Cumulative losses from asset revaluation	(82,600)	(59,555)	-	-	-	(142,155)
Less Accumulated depreciation	(139,535)	(318,667)	(444,294)	(191,898)	-	(2,900,628)
Less Allowance for impairment	-	-	-	-	-	(7,541)
Net book value	4,011,795	2,539,745	158,511	106,725	1,405,846	10,034,350
For the year ended 31 December 2013						
Opening net book value	4,011,795	2,539,745	158,511	106,725	1,405,846	10,034,350
Additions	1,840,299	48,438	96,533	31,581	1,868,787	3,982,352
Transfers in (out)	72,199	622,273	29,750	18,945	(1,385,189)	-
Disposals and write-offs, net	(1,098)	(217)	(2,799)	(465)	(13,820)	(45,525)
Asset revaluation surplus	913	(13,318)	-	-	-	(12,405)
Loss from asset revaluation	(39,219)	2,479	-	-	-	(36,740)
Depreciation charges (Note 27)	(55,339)	(168,544)	(51,912)	(34,508)	-	(731,830)
Depreciation capitalised to assets	-	(12,792)	-	-	13,186	-
Currency translation differences, net	(15,257)	(83,139)	(8,366)	(209)	(89,207)	(264,344)
Closing net book value	5,814,293	2,934,925	221,717	122,069	1,799,603	12,925,858
At 31 December 2013						
Cost	5,201,525	2,865,513	682,536	335,103	1,799,603	15,059,926
Add Surplus on asset revaluation	929,232	603,025	-	-	-	1,532,257
Less Cumulative losses from asset revaluation	(121,819)	(57,382)	-	-	-	(179,201)
Less Accumulated depreciation	(194,645)	(476,231)	(460,819)	(213,034)	-	(3,479,583)
Less Allowance for impairment	-	-	-	-	-	(7,541)
Net book value	5,814,293	2,934,925	221,717	122,069	1,799,603	12,925,858

Notes to the Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
For the year ended 31 December 2013

15 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 2012							
Cost	840,089	688,685	1,248,053	145,047	141,490	358,566	3,421,930
Add Surplus on asset revaluation	389,493	342,742	-	-	-	-	732,235
Less Cumulative losses from asset revaluation	(73,636)	(15,765)	-	-	-	-	(89,401)
Less Accumulated depreciation	(111,739)	(201,023)	(822,623)	(121,506)	(109,932)	-	(1,366,823)
Less Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	1,044,207	814,639	417,889	23,541	31,558	358,566	2,690,400
For the year ended 31 December 2012							
Opening net book value	1,044,207	814,639	417,889	23,541	31,558	358,566	2,690,400
Additions	88,617	27,515	23,878	11,821	19,163	786,408	957,402
Transfers in (out)	24,095	264,738	343,492	18	30,602	(662,945)	-
Reclassification from other accounts	243	-	-	-	-	-	243
Disposals and write-offs, net	-	(44)	(1,200)	-	(6)	(10,946)	(12,196)
Asset revaluation surplus	178,580	55,804	-	-	-	-	234,384
Loss from asset revaluation	17,603	(28,248)	-	-	-	-	(10,645)
Depreciation charges (Note 27)	(15,100)	(51,927)	(113,677)	(8,760)	(12,791)	-	(202,255)
Closing net book value	1,338,245	1,082,477	670,382	26,620	68,526	471,083	3,657,333
At 31 December 2012							
Cost	897,931	844,566	1,585,363	154,670	189,028	471,083	4,142,641
Add Surplus on asset revaluation	568,073	398,546	-	-	-	-	966,619
Less Cumulative losses from asset revaluation	(56,033)	(44,013)	-	-	-	-	(100,046)
Less Accumulated depreciation	(71,726)	(116,622)	(907,440)	(128,050)	(120,502)	-	(1,344,340)
Less Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	1,338,245	1,082,477	670,382	26,620	68,526	471,083	3,657,333

Notes to the Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
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15 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 2013						
Opening net book value	1,338,245	1,082,477	670,382	26,620	68,526	471,083
Additions	481,462	20,735	48,895	10,696	16,337	1,023,107
Transfers in (out)	60,598	244,066	370,849	15,111	17,606	(708,230)
Disposals and write-offs, net	(1,026)	(33)	(876)	-	(30)	(21)
Depreciation charges (Note 27)	(26,129)	(57,750)	(160,444)	(10,860)	(20,634)	-
Closing net book value	1,853,150	1,289,495	928,806	41,567	81,805	4,980,762
At 31 December 2013						
Cost	1,438,804	1,109,316	1,986,883	178,601	212,848	785,939
<u>Add</u> Surplus on asset revaluation	568,074	398,546	-	-	-	-
<u>Less</u> Cumulative losses from asset revaluation	(56,032)	(43,999)	-	-	-	-
<u>Less</u> Accumulated depreciation	(97,696)	(174,368)	(1,050,536)	(137,034)	(131,043)	-
<u>Less</u> Allowance for impairment	-	-	(7,541)	-	-	-
Net book value	1,853,150	1,289,495	928,806	41,567	81,805	4,980,762

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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

The Group's land, land improvements, buildings and structures thereon were revalued by independent valuers in the fourth quarter of 2012 using the market approach, the depreciated replacement cost approach and the income approach. The asset revaluation surplus was credited to fair value reserves in shareholders' equity.

The table below shows deferred income tax impact on asset revaluation surplus.

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Asset revaluation surplus	1,532,257	1,544,661	966,619	966,619
<u>Less</u> Accumulated depreciation on asset revaluation surplus	(188,816)	(156,291)	(135,408)	(111,210)
<u>Less</u> Deferred income tax	(137,154)	(211,969)	(61,426)	(131,990)
Asset revaluation surplus, net of accumulated depreciation and deferred income taxes	1,206,287	1,176,401	769,785	723,419

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:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Cost	15,986,485	11,540,013	6,244,593	4,142,641
<u>Less</u> Accumulated depreciation	(3,721,629)	(2,291,835)	(1,590,677)	(1,344,340)
<u>Less</u> Allowance for impairment	(7,541)	(7,541)	(7,541)	(7,541)
Net book value	12,257,315	9,240,637	4,646,375	2,790,760

Consolidated financial statements

The Group's depreciation expense of Baht 651 million (2012: Baht 553 million) was charged in "costs of sales and services" and of Baht 81 million (2012: Baht 59 million) in "administrative expenses".

As at 31 December 2013, certain land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries with the total net book value amounting to Baht 1,376 million (2012: Baht 1,701 million) are mortgaged as collateral for credit facilities and short-term and long-term loans from banks as explained in Note 21.

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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

Company financial statements

The Company's depreciation expense of Baht 243 million (2012: Baht 179 million) was charged in "costs of sales and services" and of Baht 33 million (2012: Baht 23 million) in "administrative expenses".

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Cost of assets acquired under finance leases	210,044	162,880	60,222	52,413
<u>Less</u> Accumulated depreciation	(130,366)	(131,045)	(43,212)	(36,368)
Net book value	79,678	31,835	17,010	16,045

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.

16 Intangible assets, net

	Computer software	
	Consolidated	Company
	Baht'000	Baht'000
At 1 January 2012		
Cost	71,437	40,351
<u>Less</u> Accumulated amortisation charges	(47,233)	(29,700)
Net book value	24,204	10,651
For the year ended 31 December 2012		
Opening net book value	24,204	10,651
Additions	6,141	3,041
Disposals, net	(53)	(53)
Amortisation charges (Note 27)	(8,792)	(3,657)
Currency translation differences	(54)	-
Closing net book value	21,446	9,982
At 31 December 2012		
Cost	77,179	43,147
<u>Less</u> Accumulated amortisation charges	(55,733)	(33,165)
Net book value	21,446	9,982

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

16 Intangible assets, net (Cont'd)

	Computer software	
	Consolidated	Company
	Baht'000	Baht'000
For the year ended 31 December 2013		
Opening net book value	21,446	9,982
Additions	14,228	8,108
Disposals, net	(2)	-
Amortisation charges (Note 27)	(8,562)	(4,058)
Currency translation differences	(63)	-
Closing net book value	27,047	14,032
At 31 December 2013		
Cost	90,786	50,945
<u>Less</u> Accumulated amortisation charges	(63,739)	(36,913)
Net book value	27,047	14,032

17 Investment properties

The movements in the investment properties are as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amount	160,408	102,327	27,770	22,850
Additions				
Direct acquisitions	-	27,289	-	-
Gains from fair value estimation of investment properties	6,307	33,484	-	4,920
Gains (losses) from translation differences	9,539	(2,692)	-	-
Ending net book amount	176,254	160,408	27,770	27,770

The investment property of the Group is property held for a currently undetermined future use and land not in use. The Group has not determined whether it will be held as owner-occupied property or for short-term capital appreciation.

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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17 Investment properties (Cont'd)

The land not used in operations was revalued by an independent valuer in the fourth quarter of 2012 using the market approach.

Investment property of a subsidiary is carried at fair value at the date of statement of financial position as determined by the most recent transacted market value of a property in the location and of the same category as the one held by the subsidiary. Valuation is made annually based on the property's highest-and-best-use using the Direct Market Comparison Method.

18 Deferred income tax

Deferred income taxes are calculated in full on temporary differences, using the liability method and using a principal tax rate of 1.7% - 37.5% (2012: 1.7% - 36.5%). The deferred income taxes are temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred income tax assets:				
Deferred income tax assets to be recovered within 12 months	76,376	264,469	35,293	10,689
Deferred income tax assets to be recovered after more than 12 months	132,625	189,927	11,262	44,179
	209,001	454,396	46,555	54,868
Deferred income tax liabilities:				
Deferred income tax liabilities to be settled within 12 months	4,472	232,263	4,472	6,642
Deferred income tax liabilities to be settled after more than 12 months	151,000	248,728	63,180	136,655
	155,472	480,991	67,652	143,297
Deferred income tax - net	53,529	(26,595)	(21,097)	(88,429)

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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18 Deferred income tax (Cont'd)

The movements of deferred income tax for the years are as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amounts	(26,595)	208,925	(88,429)	18,081
Charged/credited to profit or loss	18,454	(136,023)	(3,675)	(67,011)
Charged/credited to other comprehensive income	72,467	(90,353)	71,007	(39,499)
Cumulative currency differences on translating financial statement	(10,797)	(9,144)	-	-
Ending net book amounts	53,529	(26,595)	(21,097)	(88,429)

18 Deferred income tax (Cont'd)

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries
For the year ended 31 December 2013

18 Deferred income tax (Cont'd)

	Company					
	1 January 2012	Recorded to profit or loss	Recorded to comprehensive income	Recorded to comprehensive income	Recorded to comprehensive income	31 December 2013
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Deferred income tax assets						
Tax losses carried forward	-	21,607	-	21,607	(21,607)	-
Unrealised gains (losses) on derivative financial instruments	82,092	(72,506)	-	9,586	22,413	31,999
Allowance for inventory cost in excess of net realisable value	21,364	(20,262)	-	1,102	2,191	3,293
Cumulative loss from asset revaluation	14,958	1,643	-	16,601	(8,650)	7,951
Provision for retirement benefit obligations	6,469	478	(1,011)	5,936	(3,167)	3,295
Others	73	(37)	-	36	(19)	17
	124,956	(69,077)	(1,011)	54,868	(8,839)	46,555
Deferred income tax liabilities						
Asset revaluation surplus	99,921	(4,097)	36,165	131,989	(1,788)	61,426
Fair value estimation of investment properties	1,592	722	-	2,314	(1,206)	1,108
Unrealised gains (losses) on derivative financial instruments	5,333	1,309	-	6,642	(2,170)	4,472
Others	29	-	2,323	2,352	-	646
	106,875	(2,066)	38,488	143,297	(5,164)	67,652
Deferred income tax assets (liabilities), net	18,081	(67,011)	(39,499)	(88,429)	(3,675)	(21,097)

Notes to the Consolidated and Company Financial Statements

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19 Other non-current assets

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Refundable deposits	11,335	18,403	7,958	6,326
Prepayments	1,346	1,830	832	1,219
Others	8,646	9,600	2,960	2,960
Total other non-current assets	21,327	29,833	11,750	10,505

20 Trade accounts payable and other payables

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts payable - other companies	2,568,821	1,375,944	1,250,460	627,750
Trade accounts payable - related companies (Note 36.3)	276,286	354,366	286,672	169,127
Accrued expenses	597,027	321,325	290,916	143,714
Deferred income	289,628	205,298	45,504	50,888
Deposits and retentions received from customers	200,347	171,577	24,589	13,961
Total trade accounts payable and other payables	3,932,109	2,428,510	1,898,141	1,005,440

The carrying amounts of trade accounts payable - other companies are denominated in the following currencies:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
USD	387,007	438,706	17,045	22,240
IDR	83,756	65,527	-	-
SGD	1,213	719	-	1
RMB	710	4	-	-
MYR	-	18	-	-
THB	2,096,135	870,970	1,233,415	605,509
Total trade accounts payable - other companies	2,568,821	1,375,944	1,250,460	627,750

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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21 Borrowings

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Current				
Overdrafts	20	-	-	-
Loans for packing credit	588,963	699,754	588,963	699,754
Short-term loans from financial institutions	12,406,009	10,553,503	5,396,220	2,989,710
Bills payable	1,228,093	919,792	-	-
Total short-term borrowings from financial institutions	14,223,085	12,173,049	5,985,183	3,689,464
Current portion of long-term loans from financial institutions	113,404	114,000	-	-
Current portion of debentures	1,600,000	-	1,600,000	-
Current portion of finance lease liabilities	17,874	9,837	4,400	5,880
Total current borrowings	15,954,363	12,296,886	7,589,583	3,695,344
Non-current				
Long-term loans from financial institutions	2,113,726	400,860	2,020,000	200,000
Debentures	1,450,000	2,150,000	1,450,000	2,150,000
Finance lease liabilities	28,666	5,581	5,150	2,121
Total non-current borrowings	3,592,392	2,556,441	3,475,150	2,352,121
Total borrowings	19,546,755	14,853,327	11,064,733	6,047,465

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21 Borrowings (Cont'd)

21.1 Short-term loans from financial institutions

(a) Consolidated financial statements

The Group has facilities of overdrafts, loans for packing credit and short-term loans with several financial institutions totaling Baht 30,516 million, USD 418 million and Rp 10 billion (2012: Baht 28,576 million, USD 521 million and Rp 10 billion). The overdrafts bear interest at the rate of 7.38% per annum (2012: 7.425% per annum). The loans for packing credit and short-term loans bear interest at the rates ranging from 1.5% to 13.93% per annum (2012: 1.05% to 11.50% per annum)

As at 31 December 2013, 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 15, fixed deposits of a subsidiary balance of Baht 7 million and certain of the Company's directors (no fee charged) (2012: Baht 23 million). 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 subsidiaries must comply with other conditions and restrictions stated in the loan agreements.

(b) Company financial statements

As at 31 December 2013, the Company has facilities of overdrafts, loans for packing credit and short-term loans with several financial institutions totaling Baht 19,784 million (2012: Baht 17,824 million). The loans for packing credit and short-term loans amounting to Baht 5,985 million (2012: 3,690 million) bear interest at the rates ranging from 1.5% to 2.94% per annum (2012: 1.5% to 3.1% per annum). 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.

21.2 Long-term loans from financial institutions

(a) Consolidated financial statements

- Rubberland Products Co., Ltd.

The first loan As at 31 December 2013, balance of Baht 89 million (2012: Baht 141 million), granted by a bank in 2009, payable in quarterly installments in principal starting from November 2010 and the last installment in August 2015 which bears interest at the rate of MLR minus a fixed percentage per annum. Interest is payable on a monthly basis.

The second loan As at 31 December 2013, balance of Baht 112 million (2012: Baht 172 million), granted by a bank in 2010, payable in quarterly installments in principal starting from December 2011 and the last installment in September 2016 which bears interest at the rate of MLR minus a fixed percentage per annum. Interest is payable on a monthly basis.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

21 Borrowings (Cont'd)

21.2 Long-term loans from financial institutions (Cont'd)

- Anvar Parawood Co., Ltd.

The first loan As at 31 December 2013, balance of Baht 6 million (2012: None), granted by a bank in 2013, payable in monthly installments in principal starting from January 2014 and the last installment in June 2018 which bears interest at the rate of MLR minus a fixed percentage per annum. Interest is payable on a monthly basis.

(b) Company financial statements

The first loan As at 31 December 2013, balance of Baht 2,020 million (2012: 200 million), granted by a bank in 2012, payable in quarterly installments in principal starting from September 2012 and the last installment in September 2022 which bears interest at the rate of MLR minus a fixed percentage per annum. Interest is payable on a monthly basis.

21.3 Debentures

On 1 December 2011, the Company issued and offered the unsubordinated, unsecured with name registered, and with debenture holders' representative debentures, amounting to 2,150,000 units. The debentures are divided into 2 tranches as follows:

- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2011 Tranche 1 due 2014
- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2011 Tranche 2 due 2016

On 13 February 2013, the Company issued and offered the unsubordinated, unsecured with name registered, and with debenture holders' representative debentures, amounting to 900,000 units. The debentures are divided into 2 tranches as follows:

- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2013 Tranche 1 due 2016
- Debentures of Sri Trang Agro-Industry Public Company Limited No. 1/2013 Tranche 2 due 2018

The movement of the balance of the debentures can be presented as follows:

	Consolidated and Company	
	2013	2012
	Baht'000	Baht'000
Opening balance	2,150,000	2,150,000
Issuing during the year	900,000	-
Ending balance	3,050,000	2,150,000

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

21 Borrowings (Cont'd)

21.3 Debentures (Cont'd)

The details of the debentures in the consolidated and company financial statements can be presented as follows:

	Interest rate (%)	Par value (Baht)	31 December 2012 (shares)	Issuing during the year (shares)	31 December 2013 (shares)	Term of interest payment	Due for redemption
STA14DA	4.40 p.a.	1,000	1,600,000	-	1,600,000	1 June and 1 December every year	1 December 2014
STA16DA	4.70 p.a.	1,000	550,000	-	550,000	1 June and 1 December every year	1 December 2016
STA182A	4.10 p.a.	1,000	-	300,000	300,000	13 February and 13 August every year	13 February 2016
STA162A	4.50 p.a.	1,000	-	600,000	600,000	13 February and 13 August every year	13 February 2018
			<u>2,150,000</u>	<u>900,000</u>	<u>3,050,000</u>		

The carrying amounts and fair values of the debentures are as follows;

	Consolidated and Company			
	Carrying amounts		Fair values	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Debentures	<u>3,050,000</u>	<u>2,150,000</u>	<u>3,073,200</u>	<u>2,163,886</u>

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

21 Borrowings (Cont'd)

21.4 Additional information for the borrowings from financial institutions and debentures

The interest rate exposures on the borrowings from financial institutions and debentures (excluding finance lease liabilities) of the Group and the Company are as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term borrowings				
- at fixed rates	20	1,715,370	-	-
- at floating rates	14,223,065	10,457,679	5,985,183	3,689,464
	<u>14,223,085</u>	<u>12,173,049</u>	<u>5,985,183</u>	<u>3,689,464</u>
Long-term borrowings				
- at floating rates	<u>2,227,130</u>	<u>514,860</u>	<u>2,020,000</u>	<u>200,000</u>
Debentures				
- at fixed rates	<u>3,050,000</u>	<u>2,150,000</u>	<u>3,050,000</u>	<u>2,150,000</u>
Total borrowings				
- at fixed rates	3,050,020	3,865,370	3,050,000	2,150,000
- at floating rates	<u>16,450,195</u>	<u>10,972,539</u>	<u>8,005,183</u>	<u>3,889,464</u>
	<u>19,500,215</u>	<u>14,837,909</u>	<u>11,055,183</u>	<u>6,039,464</u>

Fair values of the long-term borrowings and debentures 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 date of statements of financial position. The fair values of short-term borrowings and long-term lease obligations approximate their carrying amounts.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

21 Borrowings (Cont'd)

21.4 Additional information for the borrowings from financial institutions and debentures (Cont'd)

Maturity of borrowings and debentures (excluding finance lease liabilities) is as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	15,936,489	12,287,049	7,585,183	3,689,464
Later than 1 year but not later than 3 years	1,241,668	1,600,000	1,150,000	1,600,000
Later than 3 years but not later than 5 years	1,638,058	950,860	1,636,000	750,000
Later than 5 years	684,000	-	684,000	-
Total borrowings from financial institutions and debentures	19,500,215	14,837,909	11,055,183	6,039,464

The carrying amounts of borrowings from financial institutions and debentures are denominated in the following currencies:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
USD	3,503,867	3,794,710	-	-
IDR	1,076,315	1,151,775	-	-
THB	14,920,033	9,891,424	11,055,183	6,039,464
Total borrowings from financial institutions and debentures	19,500,215	14,837,909	11,055,183	6,039,464

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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21 Borrowings (Cont'd)

21.5 Finance lease liabilities

The minimum lease payments recognised as liabilities from the finance leases are summarised as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	19,683	10,347	4,716	6,172
Later than 1 year but not later than 5 years	30,103	5,795	5,496	2,180
	49,786	16,142	10,212	8,352
<u>Less</u> future finance charges on finance leases	(3,246)	(724)	(662)	(351)
Present values of finance lease Liabilities	46,540	15,418	9,550	8,001
Finance lease liabilities				
- Current	17,874	9,837	4,400	5,880
- Non-current	28,666	5,581	5,150	2,121
	46,540	15,418	9,550	8,001

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	17,874	9,837	4,400	5,880
Later than 1 year but not later than 5 years	28,666	5,581	5,150	2,121
	46,540	15,418	9,550	8,001

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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21 Borrowings (Cont'd)

21.6 Borrowing facilities

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

	Consolidated					
	2013			2012		
	Baht'000	USD'000	Million Rupiah	Baht'000	USD'000	Million Rupiah
Floating rate						
- Expiring within one year	23,012,777	288,005	10,000	25,394,486	359,449	10,000

	Company	
	2013	2012
	Baht'000	Baht'000
Floating rate		
- Expiring within one year	15,578,977	17,734,446

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

22 Other current liabilities

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Withholding tax payable and VAT payable	46,473	45,301	12,667	17,829
Total other current liabilities	46,473	45,301	12,667	17,829

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

23 Provision for post employment benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Present value of unfunded obligation	106,867	88,498	44,584	38,469

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	88,498	104,788	38,469	41,923
Current service costs	20,618	9,946	4,603	3,128
Interest costs	4,463	4,158	1,512	1,383
Employee benefits paid	(132)	(2,223)	-	(1,416)
Actuarial gains on defined employee benefit plans	(6,580)	(28,171)	-	(6,549)
At 31 December	106,867	88,498	44,584	38,469

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Current service costs	20,618	9,946	4,603	3,128
Interest costs	4,463	4,158	1,512	1,383
Total	25,081	14,104	6,115	4,511

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

23 Provision for post employment benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Percentage	Percentage	Percentage	Percentage
Discount rate	4.3	4.1	4.3	4.1
Inflation rate	3.0	3.0	3.0	3.0
Future salary increases (monthly staff)	7.0	7.0	7.0	7.0
Future salary increases (daily staff)	3.0	3.0	3.0	3.0

24 Share capital and share premium

	Consolidated and Company					
	Par value	Number of registered shares	Issued and paid-up shares	Ordinary shares	Share premium	Total
	(Baht per share)	(Shares)	(Shares)	(Baht'000)	(Baht'000)	(Baht'000)
At 1 January 2011	1	1,280,000,000	1,000,000,000	1,000,000	1,123,800	2,123,800
Issue of shares	1	-	280,000,000	280,000	7,427,190	7,707,190
At 31 December 2011	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
At 1 January 2012	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issue of shares	-	-	-	-	-	-
At 31 December 2012	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
At 1 January 2013	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issue of shares	-	-	-	-	-	-
At 31 December 2013	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990

On 31 January 2011, the Company completed a placement of its ordinary shares offering of 280 million shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") at the offering price of SGD 1.20 per share, totalling SGD 336 million (approximately Baht 8,035 million). In addition, the SGX-ST sets the new ordinary shares of the Company to be traded on its main board on that date. Incremental costs directly attributable to the issuance of the new ordinary shares amounting to Baht 437 million, net of tax of Baht 109 million, have been recognised in equity as a deduction of the premium on share capital.

As at 31 December 2013, the total authorised number of ordinary shares was 1,280,000,000 shares (2012: 1,280,000,000 shares) with a par value of Baht 1 per share (2012: Baht 1 per share). 1,280,000,000 shares were issued and fully paid-up (2012: 1,280,000,000 shares).

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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25 Other component of equity

Other component of equity can be analysed as follows:

	Consolidated				
	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains (losses) on available-for-sale investments	Cumulative translation differences	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
For the year ended 31 December 2013					
At 1 January 2013	(173,134)	1,176,401	13,526	(347,928)	668,865
Asset revaluation surplus, before tax	-	(12,405)	-	-	(12,405)
Asset revaluation surplus, tax	-	3,101	-	-	3,101
Depreciation transfer on assets revaluation, before tax	-	(32,524)	-	-	(32,524)
Depreciation transfer on assets revaluation, tax	-	2,939	-	-	2,939
Change in fair value of available-for-sale investments, before tax	-	-	(6,687)	-	(6,687)
Change in fair value of available-for-sale investments, tax	-	-	483	-	483
Change in tax rate used in deferred tax recognition	-	68,775	1,225	-	70,000
Currency translation differences	-	-	-	(105,467)	(105,467)
At 31 December 2013	(173,134)	1,206,287	8,547	(453,395)	588,305

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

25 Other component of equity (Cont'd)

	Consolidated				
	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains (losses) on available-for-sale investments	Cumulative translation differences	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
For the year ended 31 December 2012					
At 1 January 2012	(173,134)	833,185	600	(120,535)	540,116
Asset revaluation surplus, before tax	-	450,925	-	-	450,925
Asset revaluation surplus, tax	-	(82,987)	-	-	(82,987)
Depreciation transfer on assets revaluation, before tax	-	(27,565)	-	-	(27,565)
Depreciation transfer on assets revaluation, tax	-	3,896	-	-	3,896
Disposal of assets, before tax	-	(1,321)	-	-	(1,321)
Disposal of assets, tax	-	268	-	-	268
Change in fair value of available-for-sale investments, before tax	-	-	15,260	-	15,260
Change in fair value of available-for-sale investments, tax	-	-	(2,334)	-	(2,334)
Currency translation differences	-	-	-	(227,393)	(227,393)
At 31 December 2012	(173,134)	1,176,401	13,526	(347,928)	668,865

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

25 Other component of equity (Cont'd)

	Company		
	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains (losses) on available-for-sale investments	Total
	Baht'000	Baht'000	Baht'000
For the year ended 31 December 2013			
At 1 January 2013	723,419	12,890	736,309
Depreciation transfer on assets revaluation, before tax	(24,197)	-	(24,197)
Depreciation transfer on assets revaluation, tax	1,788	-	1,788
Change in fair value of available-for-sale investments, before tax	-	(6,499)	(6,499)
Change in fair value of available-for-sale investments, tax	-	480	480
Change in tax rate used in deferred tax recognition	68,775	1,225	70,000
At 31 December 2013	769,785	8,096	777,881

	Company		
	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains (losses) on available-for-sale investments	Total
	Baht'000	Baht'000	Baht'000
For the year ended 31 December 2012			
At 1 January 2012	541,438	160	541,598
Depreciation transfer on assets revaluation, before tax	(19,200)	-	(19,200)
Depreciation transfer on assets revaluation, tax	2,962	-	2,962
Asset revaluation surplus, before tax	234,384	-	234,384
Asset revaluation surplus, tax	(36,165)	-	(36,165)
Change in fair value of available-for-sale investments, before tax	-	15,052	15,052
Change in fair value of available-for-sale investments, tax	-	(2,322)	(2,322)
At 31 December 2012	723,419	12,890	736,309

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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26 Legal reserve

	Consolidated and Company	
	2013	2012
	Baht'000	Baht'000
At 1 January	128,000	128,000
Appropriation during the year	-	-
At 31 December	128,000	128,000

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.

27 Expense by nature

The following significant items have been charged to the operating profit for the years.

For the years ended 31 December	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht'000	Baht'000	Baht'000	Baht'000
Changes in finished goods and work-in-process		(75,616)	5,425,527	125,347	902,107
Raw materials and consumables used		63,477,262	60,267,173	30,713,444	28,112,445
(Reversal of) allowance for inventory cost in excess of net realisable value		(40,667)	(753,019)	642	(111,753)
Employee costs and key management benefits	28	1,712,133	1,331,548	658,998	514,686
Depreciation charges	15	731,830	612,286	275,817	202,255
Amortisation charges	16	8,562	8,792	4,058	3,657
Transportation and distribution expense		938,292	810,857	597,012	478,249
Energy expense		970,936	770,115	400,399	288,475
Cess expense		1,234,360	1,854,132	791,377	1,230,282

Additional information

The cess expense is a fee charged to 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 support.

Notes to the Consolidated and Company Financial Statements

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28 Employee costs and key management benefits

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Wages and salaries	1,551,284	1,207,859	608,719	475,809
Social security costs	42,674	31,631	12,785	9,194
Provident Fund	13,028	-	7,274	-
Post-employment benefit expenses	25,081	14,104	6,115	4,511
Other employment benefits	80,066	77,954	24,105	25,172
Total employee costs and key management benefits	1,712,133	1,331,548	658,998	514,686

29 Revenues from sales of goods and services

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Revenues from sales of goods	92,136,752	99,605,023	42,938,614	44,960,151
Service income	48,429	34,079	23,838	28,624
Total revenues from sales of goods and services	92,185,181	99,639,102	42,962,452	44,988,775

30 Other income

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Cess fee	-	238,369	-	198,954
Income from insurance claim	92,901	-	92,901	-
Storage income	32,926	13,163	5,181	5,998
Dividend income	22,895	1,258	761,114	192,100
Rental income	15,884	11,118	1,734	1,457
Income from sales of scraps	7,416	11,235	2,962	3,056
Others	87,971	88,715	80,199	60,280
Total other income	259,993	363,858	944,091	461,845

In June 2012, the Office of the Rubber Replanting Aid Fund (ORRAF) approved the Company to pay cess at the former lower rate and refunded the excess cess in accordance with the Company's request. The Group received a cess refund of about Baht 238 million (Company: Baht 199 million) which was recorded as part of other income for the year 2012.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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31 Finance costs, net

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Finance income				
Interest income from debentures	34,563	-	34,563	-
Interest income from bank deposits	7,347	9,434	1,733	3,345
Interest income from customers and brokers	535	2,439	416	619
Interest income from related parties	3,615	3,353	30,099	3,353
Total finance income	46,060	15,226	66,811	7,317
Finance costs				
Interest expense on bank borrowings	(669,376)	(603,901)	(318,630)	(207,967)
Interest expense on finance leases	(313)	(424)	-	-
Net foreign exchange losses on financing activities	(405,657)	(105,414)	-	-
Total finance costs	(1,075,346)	(709,739)	(318,630)	(207,967)
Finance costs, net	(1,029,286)	(694,513)	(251,819)	(200,650)

32 Other gains (losses), net

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Gains (losses) from Rubber derivative financial instruments	338,615	(340,693)	53,359	(20,208)
Other gains (losses), net	338,615	(340,693)	53,359	(20,208)

Notes to the Consolidated and Company Financial Statements

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33 Income tax (expense) income

The estimated average annual tax rate for the consolidated financial statements for the year ended 31 December 2013 was 7.5% (2012: 9.6%) and for the company financial statements was 1.5% (2012: 2.8%).

The Royal Decree No. 530, B.E. 2554 dated 21 December 2011 promulgated that the tax rate for 2012 will be 23% and 2013 - 2014 will be 20%. In January 2012, the Thai Federation of Accounting Professions ("FAP") issued a clarification about the change in corporate income tax rate. FAP believed that it is highly probable that the Thai government will amend the tax rate for 2015 onward to the rate not more than 20%. According to this clarification from FAP, the deferred income taxes that are expected to be reversed in 2012 and 2013 onwards have been re-measured using the tax rate of 23% and 20%, respectively. The reduction of this tax rate resulted in the decrease in deferred income tax assets and deferred income tax liabilities of the Group. The impacts were recognised as income tax expenses for the year ended 2011 except for those deferred income tax items which were recognised through the shareholders' equity, the impact from the change in tax rate is recognised in the other comprehensive income.

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Current income tax:				
Current income tax on profit of the years	167,240	9,672	10,411	(40,081)
Deferred income tax:				
Origination and reversal of temporary differences	(18,454)	136,023	3,675	67,011
Total income tax expense	148,786	145,695	14,086	26,930

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

33 Income tax (expense) income (Cont'd)

The taxes on the Group'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:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	1,977,330	1,524,236	930,932	955,665
Tax calculated at domestic tax rates applicable to profits in the respective countries	254,635	285,463	68,796	147,459
Share of tax on profits of associates and a joint venture	(36,623)	(81,286)	-	-
Tax effect of:				
- Income not subject to tax	(99,561)	(99,510)	(89,538)	(85,439)
- Expenses not deductible for tax purpose	15,596	20,229	7,522	5,303
- Double deductible expenses	(16,665)	(2,938)	(13,435)	(312)
- Change in tax rate	43,246	(2,341)	43,152	-
- Tax losses of the current year for which no deferred income tax asset was recognised	-	(3,956)	-	-
- Tax at concessionary rate of 10% see note (a)	(26,914)	62,979	-	-
- Utilisation of previously unrecognised tax losses	10,665	3,322	-	-
- Under estimation of income tax liability in the prior year	1,571	(40,809)	-	(40,081)
- Others	2,836	4,542	(2,411)	-
Total income tax expense	148,786	145,695	14,086	26,930

Additional information

- (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, income 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.
- (b) The Company and certain subsidiaries in Thailand were granted tax incentives relating to the manufacturing of certain natural rubber products. The tax incentives include the following:
- Exemption from payment of import duty on imported machinery and equipment.
 - 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 tax rate for the next five years after the period of eight years are expired.

Notes to the Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries
For the year ended 31 December 2013

33 Income tax (expense) income (Cont'd)

The tax (charge)/credit relating to component of others comprehensive income is as follows :

	Consolidated					
	2013			2012		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Asset revaluation surplus	(12,405)	3,101	(9,304)	450,925	(82,987)	367,938
Change in tax rate used in deferred tax recognition	-	70,527	70,527	-	-	-
Change in fair value of available-for-sale investments	(6,687)	483	(6,204)	15,260	(2,335)	12,925
Actuarial gains on defined employee benefit plans	6,578	(1,644)	4,934	28,171	(5,031)	23,140
Cumulative translation differences	(109,768)	(10,797)	(120,565)	(227,461)	(9,144)	(236,605)
Total income tax charges to other comprehensive income	(122,282)	61,670	(60,612)	266,895	(99,497)	167,398

Notes to the Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries For the year ended 31 December 2013

33 Income tax (expense) income (Cont'd)

	Company					
	2013			2012		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Asset revaluation surplus	-	-	-	234,384	(36,165)	198,219
Change in tax rate used in deferred tax recognition	-	70,527	70,527	-	-	-
Change in fair value of available-for-sale investments	(6,499)	480	(6,019)	15,053	(2,323)	12,730
Actuarial gains on defined employee benefit plans	-	-	-	6,550	(1,011)	5,539
Total income tax charges to other comprehensive income	(6,499)	71,007	64,508	255,987	(39,499)	216,488

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

34 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent by the weighted average number of paid-up ordinary shares in issue during the years.

	Consolidated		Company	
	2013	2012	2013	2012
Net profit attributable to owners of the parent (Baht'000)	1,811,595	1,378,888	916,845	928,734
Weighted average number of ordinary shares in issue (Shares)	1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Basic earnings per share (Baht per share)	1.42	1.08	0.72	0.73

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2013 and 2012

35 Dividends

At the Annual General Meeting of Shareholders held on 25 April 2013, it was resolved that dividend be paid to shareholders in respect of 2012 operating results at Baht 0.5 per share, totaling of Baht 640 million. The dividend was paid in May 2013 to the shareholders.

At the Annual General Meeting of Shareholders held on 27 April 2012, it was resolved that dividend be paid to shareholders in respect of 2011 operating results at Baht 0.5 per share, totaling of Baht 640 million. The dividend was paid in May 2012 to the shareholders.

36 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

36 Related party transactions (Cont'd)

The following transactions were carried out with related companies:

36.1 Sales of goods and services and other income

For the years ended 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Sales of goods to:				
Subsidiaries	-	-	3,081,861	4,085,139
Associates	3,857,431	4,528,263	1,131,915	1,683,319
	<u>3,857,431</u>	<u>4,528,263</u>	<u>4,213,776</u>	<u>5,768,458</u>
Service income to:				
Subsidiaries	-	-	57,729	59,902
Associates	211,781	179,808	11,323	6,983
	<u>211,781</u>	<u>179,808</u>	<u>69,052</u>	<u>66,885</u>
Dividend income:				
Subsidiaries	-	-	59,633	62,932
Associates	406,840	63,750	327,000	56,250
A joint venture	51,589	71,689	51,589	71,689
	<u>458,429</u>	<u>135,439</u>	<u>438,222</u>	<u>190,871</u>
Rental income:				
A subsidiary	-	-	512	227
An associate	9,912	5,412	768	768
	<u>9,912</u>	<u>5,412</u>	<u>1,280</u>	<u>995</u>
Interest income:				
A subsidiary	-	-	26,484	-
An associate	3,350	3,353	3,350	3,353
	<u>3,350</u>	<u>3,353</u>	<u>29,834</u>	<u>3,353</u>

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

36 Related party transactions (Cont'd)

36.2 Purchases of goods and services

For the years ended 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Purchases of goods from:				
Subsidiaries	-	-	4,566,589	9,677,902
Associates	714,753	570,644	602,526	563,395
A joint venture	2,984,188	4,551,966	-	-
	<u>3,698,941</u>	<u>5,122,610</u>	<u>5,169,115</u>	<u>10,241,297</u>
Service expenses from:				
Subsidiaries	-	-	678,997	367,992
Associates	2,580	2,180	2,486	2,161
	<u>2,580</u>	<u>2,180</u>	<u>681,483</u>	<u>370,153</u>
Rental expense:				
A subsidiary	-	-	1,421	1,321

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable: (Note 9)				
Subsidiaries	-	-	275,836	743,975
Associates	127,622	113,078	13,775	35,504
	<u>127,622</u>	<u>113,078</u>	<u>289,611</u>	<u>779,479</u>
Amounts due from futures broker:				
An associate	152,662	128,341	152,662	128,341
Other receivables:				
Subsidiaries	-	-	20,043	20,661
Associates	5,774	4,042	1,135	1,777
	<u>5,774</u>	<u>4,042</u>	<u>21,178</u>	<u>22,438</u>

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

36 Related party transactions (Cont'd)

36.3 Outstanding balances arising from sales/purchases of goods/services and other income as of 31 December (Cont'd)

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts payable: (Note 20)				
Subsidiaries	-	-	203,278	75,639
An associate	105,299	125,060	83,394	93,488
A joint venture	170,987	229,306	-	-
	<u>276,286</u>	<u>354,366</u>	<u>286,672</u>	<u>169,127</u>
Other payables:				
Subsidiaries	-	-	32,875	14,505
Associates	45,973	15,081	10	42
	<u>45,973</u>	<u>15,081</u>	<u>32,885</u>	<u>14,547</u>

The carrying amounts of the outstanding balances with related parties are denominated in the following currencies:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable: (Note 9)				
USD	66	-	268,497	728,646
THB	127,556	113,078	21,114	50,833
	<u>127,622</u>	<u>113,078</u>	<u>289,611</u>	<u>779,479</u>
Amounts due from futures broker:				
THB	<u>152,662</u>	<u>128,341</u>	<u>152,662</u>	<u>128,341</u>
Other receivables:				
USD	490	1,380	490	21,239
THB	5,284	2,662	20,688	1,199
	<u>5,774</u>	<u>4,042</u>	<u>21,178</u>	<u>22,438</u>

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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36 Related party transactions (Cont'd)

36.3 Outstanding balances arising from sales/purchases of goods/services and other income as of 31 December (Cont'd)

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts payable: (Note 20)				
USD	170,987	229,305	31,493	7,972
THB	105,299	125,061	255,179	161,155
	<u>276,286</u>	<u>354,366</u>	<u>286,672</u>	<u>169,127</u>
Other payables:				
USD	-	114	3,991	1,584
THB	45,973	14,967	28,894	12,963
	<u>45,973</u>	<u>15,081</u>	<u>32,885</u>	<u>14,547</u>

The trade accounts receivables from related parties arise 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. As at 31 December 2013, there is no allowance for impairment against receivables from related parties (2012: Nil).

As at 31 December 2013 and 2012, the trade accounts payable to related parties arise mainly from purchase transactions and are due approximately one month after the date of purchase. The payables bear no interest.

36.4 Outstanding balances arising from long-term loans to subsidiaries and an associate

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Accrued interest income:				
Subsidiaries	-	-	12,029	-
Associates	995	101	994	101
	<u>995</u>	<u>101</u>	<u>13,023</u>	<u>101</u>
Long-term loan to:				
Subsidiaries	-	-	988,572	-
An associate	65,356	60,775	65,356	60,775
	<u>65,356</u>	<u>60,775</u>	<u>1,053,928</u>	<u>60,775</u>

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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36 Related party transactions (Cont'd)

36.4 Outstanding balances arising from long-term loans to subsidiaries and an associate (Cont'd)

Long-term loans to subsidiaries and an associate can be summarised as follows:

	Company				
	Relationship	Principle		Interest rates %	Loan periods
		USD million	(Equivalent)		
			Baht million		
PT Sri Trang Lingga Indonesia	A subsidiary	5	165	3.33	5 years
PT Sri Trang Lingga Indonesia	A subsidiary	10	330	2.66	3 years
PT Star Rubber	An indirect subsidiary	15	494	3.33	5 years
Semperflex Shanghai Co., Ltd.	An associate	2	65	5.50	3 years

36.5 Key management compensation

Key management includes directors (executive and non-executive), executives and head of internal audit department. The compensation paid or payable to key management is shown below:

For the years ended 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Salaries and other employee benefits	296,051	125,132	75,455	38,502

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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37 Financial instruments by category

	Consolidated			
	31 December 2013			
	Assets at			
	Loans and receivables	fair value through the profit and loss	Available-for-sale	Total
	Baht'000	Baht'000	Baht'000	Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	1,892,729	-	-	1,892,729
Derivative financial instruments	-	75,974	-	75,974
Trade accounts receivable, net	7,179,059	-	-	7,179,059
Amounts due from futures brokers	320,816	-	-	320,816
Long-term loans to subsidiaries and an associate	65,356	-	-	65,356
Fixed deposits pledged as collateral	61,185	-	-	61,185
Available-for-sale investments	-	-	52,439	52,439
Total	9,519,145	75,974	52,439	9,647,558

	Consolidated		
	31 December 2013		
	Liabilities at fair value through the profit and loss		
	Other financial liabilities	Total	
	Baht'000	Baht'000	Baht'000
Liabilities as per statement of financial position			
Trade accounts payable	-	2,845,107	2,845,107
Short-term loans from financial institutions	-	14,223,085	14,223,085
Current portion of long-term loans	-	113,404	113,404
Current portion of debentures	-	1,600,000	1,600,000
Current portion of finance lease liabilities	-	17,874	17,874
Derivative financial instruments	532,851	-	532,851
Long-term loans from financial institutions	-	2,113,726	2,113,726
Debentures	-	1,450,000	1,450,000
Finance lease liabilities	-	28,666	28,666
Total	532,851	22,391,862	22,924,713

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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37 Financial instruments by category (Cont'd)

	Consolidated			
	31 December 2012			
	Assets at			Total
	Loans and receivables	fair value through the profit and loss	Available-for-sale	
	Baht'000	Baht'000	Baht'000	Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	1,534,032	-	-	1,534,032
Derivative financial instruments	-	100,139	-	100,139
Trade accounts receivable, net	6,166,339	-	-	6,166,339
Amounts due from futures brokers	384,452	-	-	384,452
Long-term loan to an associate	60,775	-	-	60,775
Fixed deposits pledged as collateral	99,482	-	-	99,482
Available-for-sale investments	-	-	59,126	59,126
Total	8,245,080	100,139	59,126	8,404,345

	Consolidated		
	31 December 2012		
	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	Baht'000	Baht'000	Baht'000
Liabilities as per statement of financial position			
Trade accounts payable	-	1,730,310	1,730,310
Short-term loans from financial institutions	-	12,173,049	12,173,049
Current portion of long-term loans	-	114,000	114,000
Current portion of finance lease liabilities	-	9,837	9,837
Derivative financial instruments	164,234	-	164,234
Long-term loans from financial institutions	-	400,860	400,860
Debentures	-	2,150,000	2,150,000
Finance lease liabilities	-	5,581	5,581
Total	164,234	16,583,637	16,747,871

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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37 Financial instruments by category (Cont'd)

	Company			
	31 December 2013			
	Assets at			
	Loans and receivables	fair value through the profit and loss	Available-for-sale	Total
	Baht'000	Baht'000	Baht'000	Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	558,714	-	-	558,714
Derivative financial instruments	-	60,511	-	60,511
Trade accounts receivable, net	3,764,021	-	-	3,764,021
Amounts due from futures brokers	152,662	-	-	152,662
Long-term loans to subsidiaries and an associate	1,053,928	-	-	1,053,928
Fixed deposits pledged as collateral	13,128	-	-	13,128
Available-for-sale investments	-	-	51,521	51,521
Total	5,542,453	60,511	51,521	5,654,485

	Company		
	31 December 2013		
	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	Baht'000	Baht'000	Baht'000
Liabilities as per statement of financial position			
Trade accounts payable	-	1,537,132	1,537,132
Short-term loans from financial institutions	-	5,985,183	5,985,183
Current portion of debentures	-	1,600,000	1,600,000
Current portion of finance lease liabilities	-	4,400	4,400
Derivative financial instruments	433,016	-	433,016
Long-term loans from financial institutions	-	2,020,000	2,020,000
Debentures	-	1,450,000	1,450,000
Finance lease liabilities	-	5,150	5,150
Total	433,016	12,601,865	13,034,881

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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37 Financial instruments by category (Cont'd)

	Company			
	31 December 2012			
	Assets at			Total
	Loans and receivables	fair value through the profit and loss	Available-for-sale	
	Baht'000	Baht'000	Baht'000	Baht'000
Assets as per statement of financial position				
Cash and cash equivalents	514,400	-	-	514,400
Derivative financial instruments	-	43,228	-	43,228
Trade accounts receivable, net	3,277,164	-	-	3,277,164
Amounts due from futures brokers	128,341	-	-	128,341
Long-term loan to an associate	60,775	-	-	60,775
Fixed deposits pledged as collateral	12,990	-	-	12,990
Available-for-sale investments	-	-	58,020	58,020
Total	3,993,670	43,228	58,020	4,094,918

	Company		
	31 December 2012		
	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	Baht'000	Baht'000	Baht'000
Liabilities as per statement of financial position			
Trade accounts payable	-	796,877	796,877
Short-term loans from financial institutions	-	3,689,464	3,689,464
Current portion of finance lease liabilities	-	5,880	5,880
Derivative financial instruments	62,309	-	62,309
Long-term loans from financial institutions	-	200,000	200,000
Debentures	-	2,150,000	2,150,000
Finance lease liabilities	-	2,121	2,121
Total	62,309	6,844,342	6,906,651

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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38 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 any) or to historical information about counterparty default rates:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Deposits held at call with banks				
Aa1	34,548	64,107	-	3,933
Aa2	52,180	86,538	-	-
Aa3	9,643	-	-	-
A1	237,686	133,822	25	22,872
A2	114,266	246,624	110,076	58,408
A3	479,504	407,690	144,685	264,150
Baa1	698,345	287,161	264,728	153,697
Baa2	1,901	70,808	383	4,514
Baa3	227,889	168,598	19,215	2,522
No rating	9,008	8,083	340	56
Total deposits held at call with banks	1,864,970	1,473,431	539,452	510,152

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable				
Counterparties without external credit rating				
Group 1	657,652	835,329	357,357	30
Group 2	5,535,080	4,425,250	3,406,664	3,277,134
Group 3	986,327	905,760	-	-
Total unimpaired trade accounts receivable	7,179,059	6,166,339	3,764,021	3,277,164

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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38 Credit quality of financial assets (Cont'd)

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Derivative financial instruments				
Counterparties with external credit rating				
Aa1	16,275	127	15,945	127
Aa2	10,996	-	10,411	-
A2	130	-	130	-
A3	-	43,936	-	33,062
Baa1	-	8,832	-	8,832
Baa2	-	324	-	324
Baa3	-	701	-	701
Counterparties without external credit rating				
Group 2	48,573	46,219	34,025	182
Total derivative financial instruments	75,974	100,139	60,511	43,228

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Fixed deposits pledged as collateral				
Aa1	-	11,833	-	-
Aa2	23,083	34,955	-	-
A2	16,407	15,316	-	-
Baa1	21,695	23,069	13,128	-
Baa2	-	14,309	-	12,990
Total fixed deposits pledged as collateral	61,185	99,482	13,128	12,990

Group 1 New other 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 that 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.

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

39 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 as approved by BOI committee
- (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

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 2013 and 2012 of the Group are summarised as follows:

	2013			2012		
	Promoted business	Non- promoted business	Total	Promoted business	Non- promoted business	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Export sales and service income, net	35,170,866	56,163,993	91,334,859	31,733,959	63,802,662	95,536,621
Domestic sales and service income, net	8,198,482	12,868,187	21,066,669	10,901,808	15,921,394	26,823,202
Total	43,369,348	69,032,180	112,401,528	42,635,767	79,724,056	122,359,823
Intersegmental balances			(20,216,347)			(22,720,721)
Total			92,185,181			99,639,102

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

40 Contingent liabilities and commitments

40.1 Sales and purchases commitments

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

	Consolidated	Company
	2013	2013
	Baht'000	Baht'000
Purchases from:		
A joint venture	248,301	-
Third parties	4,886,601	-
	5,134,902	-
Sales to:		
Associates	2,785,491	1,442,837
Third parties	41,537,297	18,222,450
	44,322,788	19,665,287

40.2 Capital commitments

The Group and the Company has capital commitments as follows:

	Consolidated	Company
	2013	2013
	Baht'000	Baht'000
Capital commitments	729,131	394,366

Notes to the Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2013

40 Contingent liabilities and commitments (Cont'd)

40.3 Commitments to guarantee loans of subsidiaries, associates, and a joint venture and contingent liabilities

40.3.1 The Company has a commitment to guarantee the loans of subsidiaries and an associate as follows:

			31 December 2013	
			(Equivalent)	
	Relationships	Currencies	Amount	Baht Million
Sri Trang USA, Inc.	An overseas subsidiary	USD Million	47	1,550
PT Sri Trang Lingga Indonesia	An overseas subsidiary	USD Million Rupiah Billion	24	799
		Rupiah Billion	362	969
PT Star Rubber	An overseas subsidiary	Rupiah Billion	40	107
Sempermed USA, Inc.	An overseas associated company	USD Million	2	66

40.3.2 The Group has contingent liabilities for bank guarantees issued in favor of government agency totaling Baht 61 million and has pledged its fixed deposits of Baht 14 million as collateral for these bank guarantees.

40.4 Operating lease commitments - where the Group and the Company is the lessee

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

	Consolidated	Company
	2013	2013
	Baht'000	Baht'000
Not later than 1 year	102,110	48,440
Later than 1 year but not later than 5 years	94,741	41,795
Later than 5 years	1,774	-
Total	198,625	90,235

41 Event occurring after the reporting date

At the Extraordinary General Shareholders' Meetings of a subsidiary, the shareholders approved a resolution to increase the authorised share capital from Baht 3,900 million to Baht 4,700 million by registering additional 8,000,000 ordinary shares at par of Baht 100 each. The Company purchased all increasing shares. The subsidiary registered the increased share capital with the Ministry of Commerce on 28 January 2014.

Auditor's Remuneration



Audit Fee

Audit fee for the year 2013 of STA and its subsidiaries was Baht 7,480,000 which consisted of audit fee of stand-alone financial statements in amount of Baht 5,774,000 and audit fee of STA's subsidiaries in amount of Baht 1,706,000.

Non-Audit Fee

Non-audit fee for the year 2013 of STA and its subsidiaries of Baht 936,650 was for BOI audit, consulting services on accounting principles and staff training of which Baht 286,650 has already been paid and Baht 650,000 will be paid upon the completion of non-audit services.

Reference Person

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

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. Debenture Registrar

Siam Commercial Public Company Limited
9 Ratchadapisek Rd., Chatuchak, Bangkok, 10900 Thailand
Telephone: 66-2256-2323
Fax: 66-2256-2414

5. Debenture Holder's Representative for STA No. 1/2554, Tranche 1 & 2

Kasikornbank Public Company Limited
1 Soi Ratburana 27/1, Ratburana Rd., Ratburana, Bangkok,
Bangkok, 10140 Thailand
Telephone: 66-2222-0000
Fax: 66-2470-1144-5

General Company 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.	: 0107536001656
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, 90110 Thailand
Branch Office	: 1) 99 Moo 3 Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand 2) 41 Moo 3 Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Type of Business	: Production and export of RSS, TSR and Concentrated Latex
Telephone	: 66-7437-9984-6, 66-7437-9988-9
Fax	: 66-7437-9987
Type of Shares	: Ordinary shares
Total number of shares directly held by STA	: 4,999,994 shares or 99.99%

2. Anvar Parawood

Head Office	: 101 Moo 3, Padangbezar Road, Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Branch Office	: 1) 369 Moo 7, Huay Nang Subdistrict, Huay Yod District, Trang Province, 92130 Thailand

	2) 395 Moo 2, Nonsomboon Subdistrict, Mueang Bungkarn District, Bungkarn Province, 38000 Thailand
Type of Business	: Lumber production and manufacture of wooden furniture
Telephone	: 66-7437-9978-9
Fax	: 66-7437-9976
Type of shares	: Ordinary shares
Total number of shares directly held by STA	: 9,994 shares or 99.94%

3. Premier System Engineering

Head Office	: 123 Moo 8, Karnchanawanich Road, Banpru Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand
Branch Office	: 133 Rakpru 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, 66-7447-1506
Type of shares	: Ordinary shares
Total number of shares directly held by STA	: 409,996 shares or 81.99%

4. Rubberland Products

Head Office	: 109 Karnchanawanich Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	: 1) 10 Soi 10 Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand 2) 17 th Floor, Park Venture Ecoplex Unit 1701, 1707-1712 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, 10330 Thailand 3) 338 Moo 2 Nonsomboon Subdistrict, Mueang Bungkarn District, Bungkarn Province, 38000 Thailand 4) 338 Moo 1 Kokma Subdistrict, Prakonchai District, Burirum Province, 31140 Thailand 5) 188 Moo 10 Bangsaiyai Subdistrict, Mueang Mukdahan, Subdistrict, Mukdahan Province, 49000 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	: 15,999,994 shares or 99.99%

5. SSC

Head Office	: 110 Karnchanawanich Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	: 1) 10 Soi 10 Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand 2) 17 th Floor, Park Venture Ecoplex Unit 1701, 1707-1712 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3) 109/2 Karnchanawanich Road, Pahtong Subdistrict Hatyai District, Songkhla Province, 90230 Thailand 4) 352 Karnchanawanich Road, Pahtong Subdistrict Hatyai District, Songkhla Province, 90230 Thailand 5) 189 Moo 7 Plaiwat Subdistrict, Karnchanadit District, Surat Thani Province, 84160 Thailand 6) 39/1 Moo 9 Tungkhai Subdistrict, Yantakao District, Trang Province, 92140 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 31.50%
Auditor	: BDO Limited*

6. Semperfex Asia

Head Office	: 110/1 Karnchanawanich Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	: 10 Soi 10 Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 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 37.50%
Auditor	: BDO Limited

Note*: The Company's board and audit committee are satisfied with the standard and effectiveness of the audit of the company.

7. Semperform Pacific*

Head Office	: 110/2 Karnchanawanich Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	: 10 Soi 10 Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 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 37.50%
Auditor	: BDO Limited

8. Sadao P.S. Rubber

Head Office	: 207/1 Padangbezar Road, Sadao Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Type of Business	: Production of RSS
Telephone	: 66-7446-0483, 66-7446-0485
Fax	: 66-7446-0484
Type of shares	: Ordinary shares
Total number of shares directly held by STA	: 399,994 shares or 99.99%

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	: 66-7550-2900-2
Fax	: 66-7550-2903
Type of shares	: Ordinary shares
Total number of shares directly held by STA	: 114,998 shares or 76.66%

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	: 66-7550-2900-2
Fax	: 66-7550-2903

Note*: Semperform Pacific has registered the company's liquidation in 10 May 2013 and completed liquidation process in 6 November 2013.

Type of shares	: Ordinary shares
Total number of shares directly held by STA	: 419,995 shares or 83.99%

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 33.50%
Auditor	: AST Master Co., Ltd.*

12. Pattana Agro Futures

Head Office	: Wallstreet Tower, G Floor, 33/19 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	: 4,000,000 shares or 40.00%
Auditor	: Ernst & Young Office Limited

13. Sri Trang Rubber & Plantation

Head Office	: 10 Soi 10 Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Branch Office	: 55 Moo 7 Suthep Subdistrict, Mueng Chiang Mai District, Chiang Mai Province, 52000 Thailand
Type of Business	: Ownership and management of rubber plantation
Telephone	: 66-5380-4296
Fax	: 66-5380-4297
Type of shares	: Ordinary shares
Total number of shares directly held by STA	: 38,999,993 shares or 99.99%

Note*: The Company's board and audit committee are satisfied with the standard and effectiveness of the audit of the company.

14. Sri Trang International

Head Office	: 1 Raffles Place No. 38-02, 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	: 52,000,000 shares or 100.00%

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	: 1,000 shares or 100.00%
Auditor	: Cherry, Bakaert & Holland LLP.*

16. Sempermed USA, Inc.

Head Office	: 13900, 49 th Street North, Clearwater, Florida, 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 25.00%
Auditor	: Pender Newkirk & Company LLP, USA

17. Shanghai Sempermed

Head Office	: Room 1104, Building 11, No. 518, Xinhuan Road, Songjiang District, Shanghai, P.R.C
Type of Business	: Wholesale, commission agency, and import & export of plastic and rubber gloves
Telephone	: N/A
Fax	: N/A
Type of shares	: Registered capital
Total number of shares directly held by STA	: USD 1,000,000 or 100.00%
Auditor	: Grant Thornton, Shanghai, China

Note*: The Company's board and audit committee are satisfied with the standard and effectiveness of the audit of the company.

18. Shanghai Semperit

Head Office	: No.2, Bridge, Beisong Road, Minhang, Shanghai, 20111 P.R.C.
Type of Business	: Manufacture of escalator handrails
Telephone	: 86-21-6409-0850, 86-21-6409-0300
Fax	: 86-21-6409-0850
Type of Interest	: Equity
Total interest directly held by STA	: 10.00%
Auditor	: Deloitte Touche Tohmatsu CPA Ltd.

19. PT Sri Trang Lingga

Head Office	: Jalan TPA2, RT.26 & 29 Keramasan, Palembang, South Sumatera, Palembang 30259, PO BOX 1230, Indonesia
Type of Business	: Production of 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 90.00%

20. Semperflex Shanghai

Head Office	: Shanghai Chemical Industry Park, Fengxian Subzone Canggong Road 1255, Shanghai, 201424 P.R.C.
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 directly held by STA	: 50.00%
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	: 4,000,000 shares or 50.00%
Auditor	: Audit Alliance Public Accountants and Certified Public Accountants

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	: 12,546,638 shares or approximately 100.00%
Auditor	: Röedl & Partner Auditores Independentes, Brazil

23. Shi Dong Investments

Head Office	: 1 Raffles Place No.38-02, 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	: 100.00%

24. PT Star Rubber

Head Office	: Jalan Trans Kalimantan KM. 16, Desa Jawa Tengah Kec. Sungai Ambawang, Kab Kubu Raya-Kalbar, Pontianak, Kalimantan Barat, PO Box 7864, Indonesia.
Type of Business	: Production of block rubber
Telephone	: 62-561-724-888
Fax	: 62-561-724-593
Type of shares	: Ordinary shares
Total number of shares directly held by Shi Dong Investment Pte Ltd.:	99.00%

25. Shi Dong Shanghai

Head Office	: Unit 2701, Wheelock square, No.1717 West Nanjing Road, Jing' an District, Shanghai, 200040 P.R.C.
Type of Business	: Distribution of Natural Rubber Products in P.R.C
Telephone	: 86-21-6413-7860
Fax	: 86-21-6413-7315
Type of Interest	: Equity
Total interest held by STA	: USD 5,000,000 or 100.00%

26. Sri Trang Indochina

Head Office	: No. 12/7 Chien Thang Street, Ward 9, Phu Nhuan District, Ho Chi Minh City, Vietnam
Type of Business	: Trading and exporting of the rubber products
Telephone	: N/A
Fax	: N/A
Type of shares	: Ordinary shares
Total interest held by Sri Trang International	: 100.00%

27. Formtech Engineering (M) Sdn. Bhd.

Head Office	: Lot 135, Jalan Permata 1/4, Arab-Malaysian Industrial Park 71800 Nilai, Negeri Sembilan, Malaysia
Type of Business	: Production and distribution mold for glove production line
Telephone	: 060-6799-5952
Fax	: 060-6799-5951
Type of Interest	: Equity
Total number of shares directly held by Sempermed Singapore	: 82.86%
Auditor	: Ananthan Chelliah & Associates

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

Anvar Parawood	: Anvar Parawood Company Limited
Company or STA	: Sri Trang Agro-Industry Public Company Limited
Nam Hua Rubber	: Nam Hua Rubber Company Limited
Paktai Rubber	: Paktai Rubber Industries Limited Partnership
Pattana Agro Futures	: Pattana Agro Futures Company Limited
Premier System Engineering	: Premier System Engineering Company Limited
PT Sri Trang Lingga	: PT Sri Trang Lingga Indonesia
Rubberland Products	: Rubberland Products Company Limited
Sadao P.S. Rubber	: Sadao P.S. Rubber Company Limited
Semperflex Asia	: Semperflex Asia Corporation Limited
Semperflex Shanghai	: Semperflex Shanghai Limited
Semperform Pacific	: Semperform Pacific Corporation Limited
Semperit Technische Produkte	: Semperit Technische Produkte Gesellschaft m.b.H., a subsidiary of Semperit AG Holding
Sempermed Brasil	: Sempermed Brasil Comércio Exterior Ltda.
Sempermed Singapore	: Sempermed Singapore Pte. Ltd.
Sempermed USA	: Sempermed USA, Inc.
Shanghai Semperit	: Shanghai Semperit Rubber & Plastic Products Company Limited
Shanghai Sempermed	: Shanghai Sempermed Glove Sales Company Limited
Shi Dong Investments	: Shi Dong Investments Pte. Ltd.
Shi Dong Shanghai	: Shi Dong Shanghai Rubber Company Limited.
Sri Trang Indochina	: Sri Trang Indochina (Vietnam) Company Limited
Sri Trang International	: Sri Trang International Pte. Ltd.
Sri Trang Rubber & Plantation	: Sri Trang Rubber & Plantation Company Limited
Sri Trang USA	: Sri Trang USA, Inc.
SSC	: Our associate, Siam Sempermed Corporation Limited
Starlight Express Transport	: Starlight Express Transport Company Limited
Startex Rubber	: Startex Rubber Corporation Limited
STH	: Sri Trang Holdings Company Limited
Thai Tech Rubber	: Thaitech Rubber Corporation Limited

General

CDP	: The Central Depository (Pte) Limited
Code of Corporate Governance	: Singapore Code of Corporate Governance 2012
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

10 Soi 10, Phetkasem Road, Hatyai, Songkhla 90110, Thailand

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