



# YEAR OF HIGH PRODUCTIVITY



**Annual Report 2014**

Sri Trang Agro-Industry Public Company Limited



YEAR OF  
**HIGH PRODUCTIVITY**

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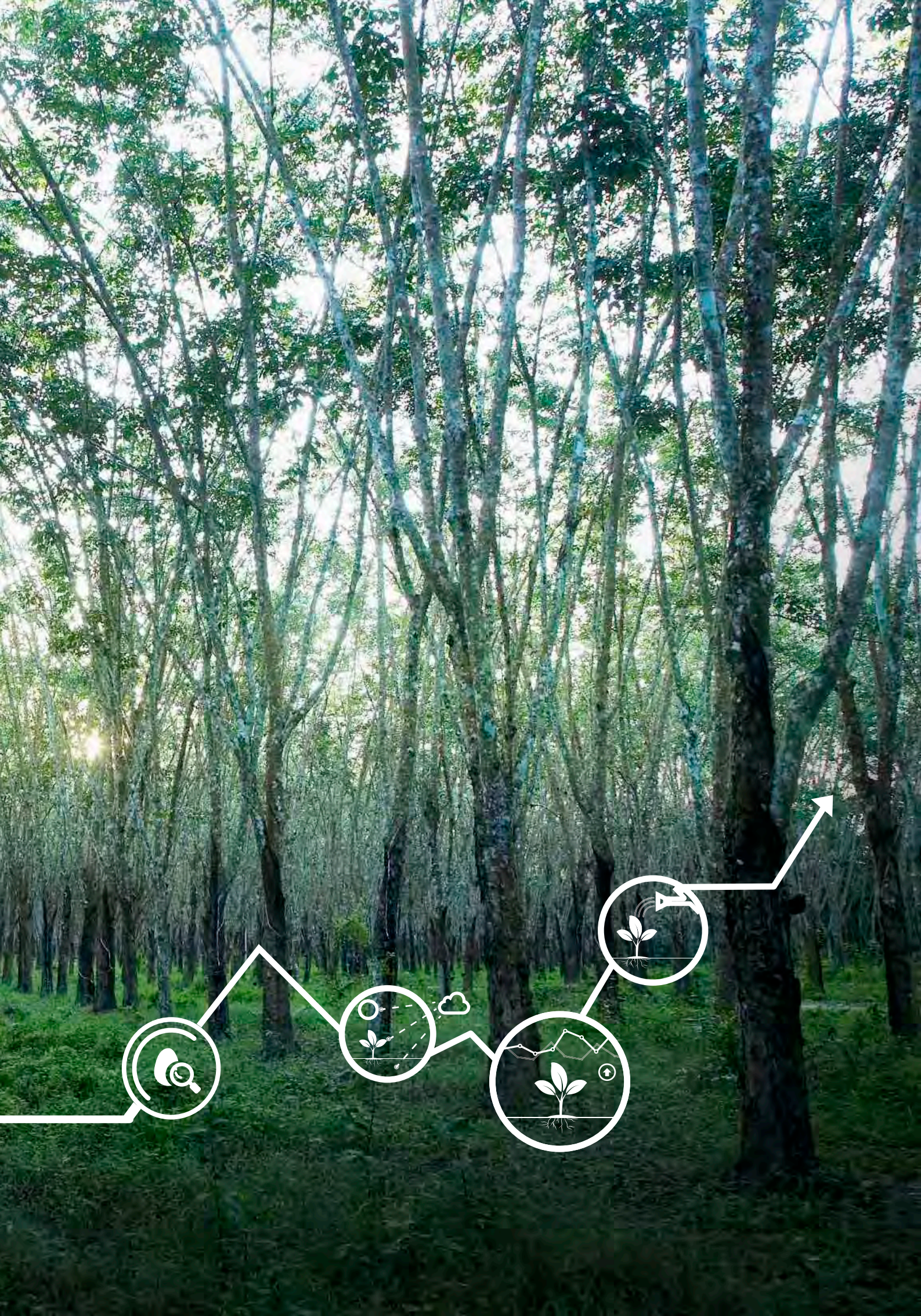
A photograph of a rubber tree plantation. The image shows rows of tall, slender trees with light-colored bark and dense green foliage. A dirt path or clearing runs through the center of the plantation, leading towards the background. The lighting is bright, suggesting a sunny day, with sunlight filtering through the leaves.

# Plantation Process

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Our cultivation of rubber trees is carried out with meticulous care









## Purchasing Process

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Raw materials are procured with seasoned staffs to select best feedstock into our production









# Production Process

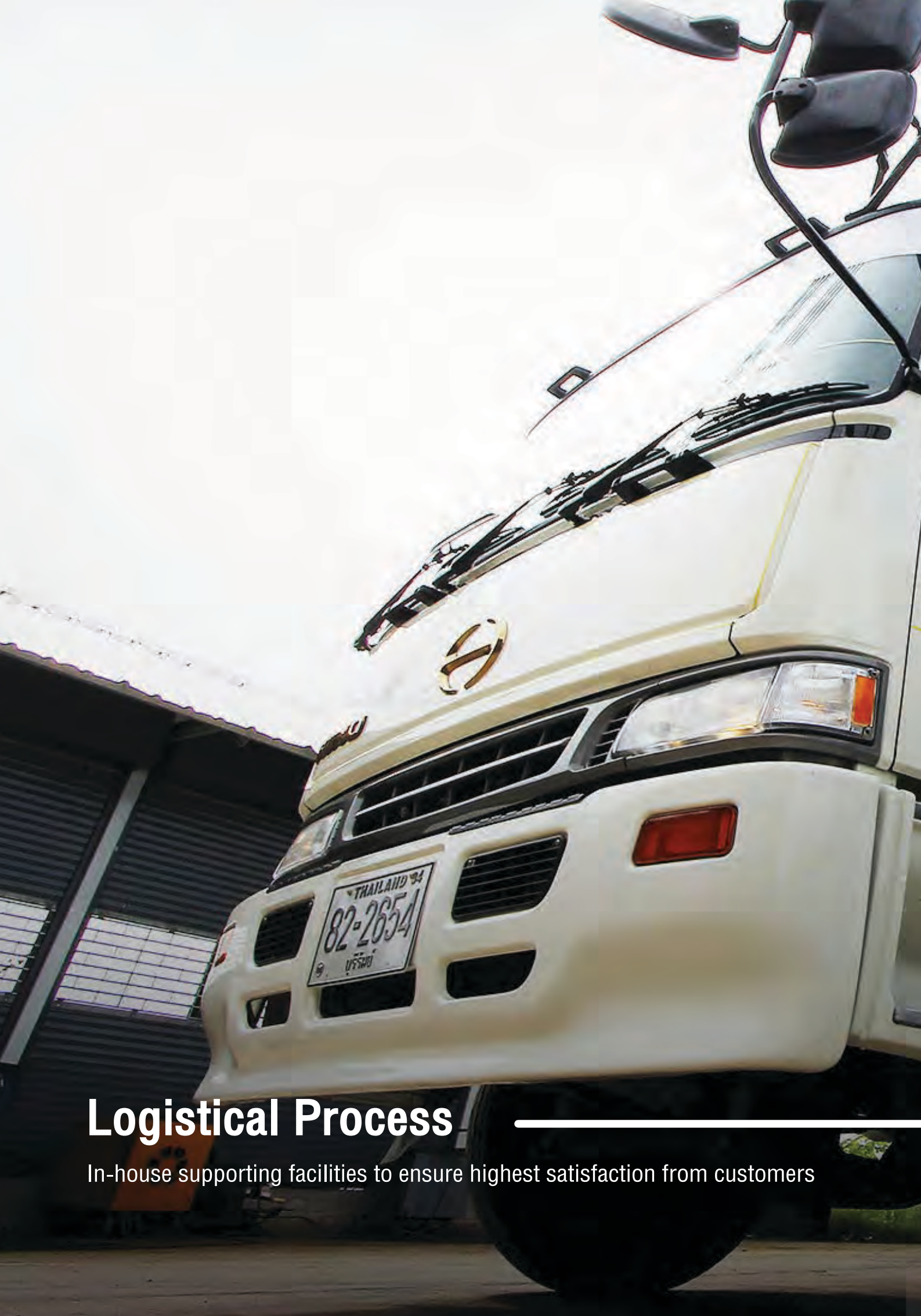
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Second-to-none expertise in producing high quality products









# Logistical Process

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In-house supporting facilities to ensure highest satisfaction from customers









# Work Process

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Focus on streamlining of end-to-end work process







# VISION

**Passionately,  
we drive possibilities**

>>the green rubber company>>



MISSION  
2014

Year of high productivity

MISSION  
2015

Year of strong management



## CORE VALUE

### INTEGRITY

Our operations are underpinned by business integrity. We are committed to transparency and the equitable treatment for all stakeholders. We are also imbued with a strong sense of Corporate Social Responsibility (CSR).

### 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 utilise the best of our capabilities to bring about organizational success.



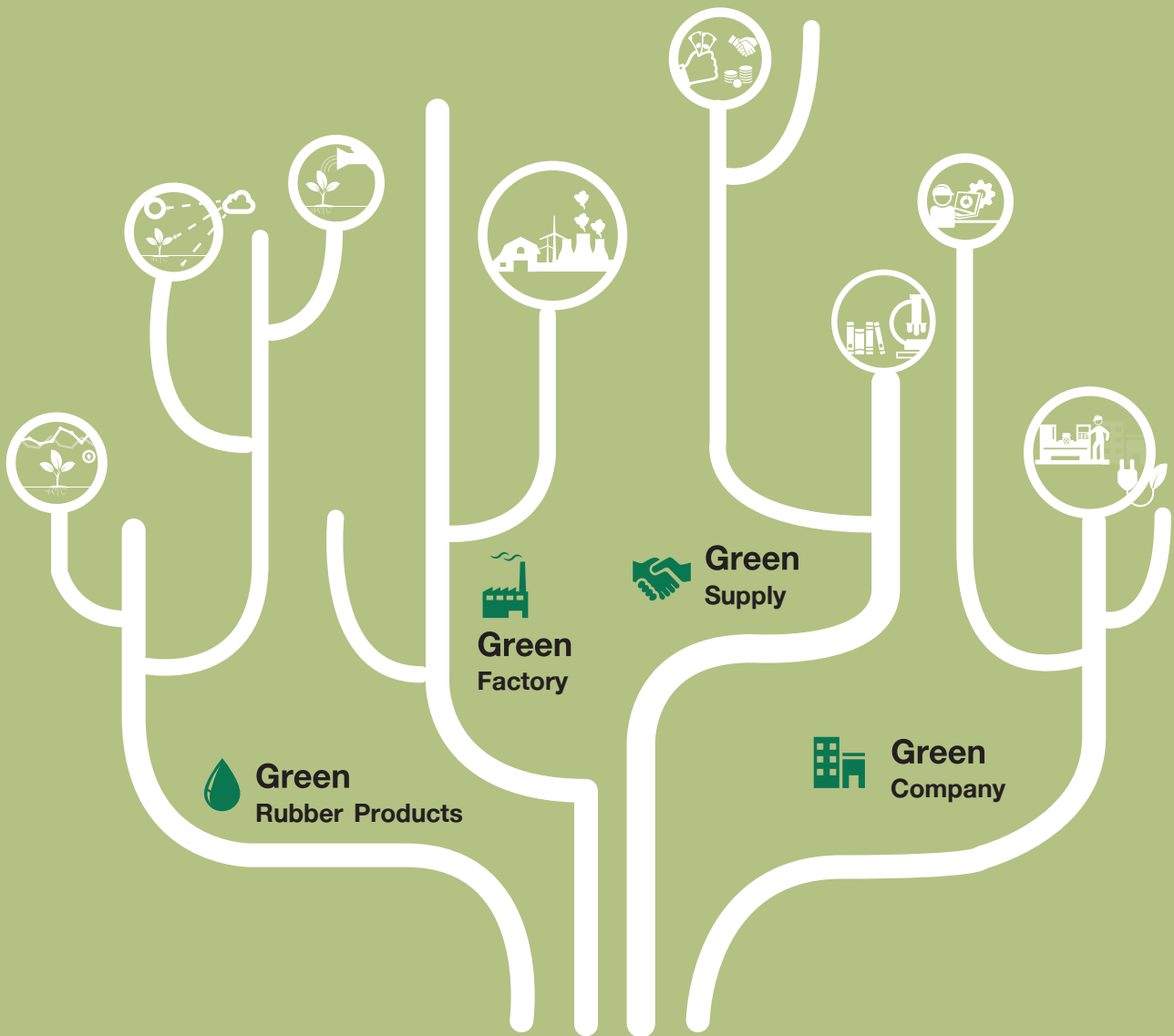
### COLLABORATION

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.





## Move Forward to the Green Rubber Company

With almost 30 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.



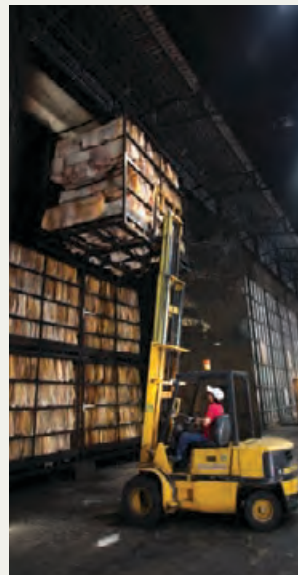
## Green Factory

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





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# Green Process

from upstream through downstream

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**6,160 ha**  
for rubber plantation



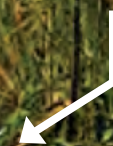
**14**  
**billion pieces**  
capacity of glove  
production per annum



**83**  
procurement  
units



**1.4**  
**million**  
capacity of natural rubber  
per annum





# World's Largest Midstream Natural Rubber Producer



## Rubber Plantation

6,160 hectares for rubber plantation in 17 provinces of Thailand



## Procurement



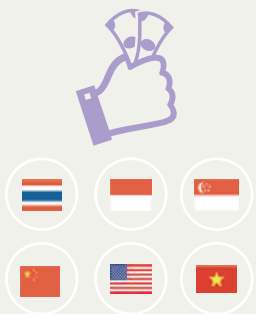
83 raw materials procurement centers in Thailand and Indonesia



## Processing



- > 1.4 million tons capacity per annum
- > 26 processing facilities in Thailand and Indonesia
- > Cover full range of products from RSS, TSR to Concentrated Latex



## Sales & Distribution

- > Established trading and distribution companies in key strategic countries



## Downstream Business

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





## Multi-National Platform

**10%**

market share of world  
consumption in 2014

**1,204,342**

tons sales volume in 2014

**26**

processing facilities in Thailand and  
Indonesia

**20%**

share of Thailand's production  
volume in 2014

**13%**

market share of China import  
volume in 2014



## 26 Factories

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



## 17 Rubber Plantations

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



# Financial Highlights

(UNIT: Baht million)

	FY2014	FY2013	FY2012	FY2011	FY2010
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Revenue from sales and services	75,530	92,185	99,639	133,704	83,845
EBITDA	2,568	3,747	2,840	3,311	4,877
Profit before tax	1,076	1,987	1,524	1,959	4,113
Net profit	1,038	1,820	1,379	1,306	3,820

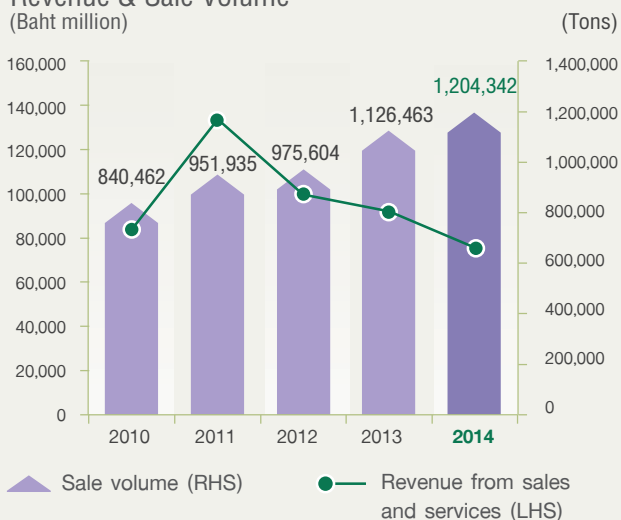
<b>STATEMENT OF FINANCIAL POSITION</b>					
Total assets	37,791	44,237	36,603	40,103	37,656
Total liabilities	17,199	24,246	17,744	22,072	27,264
Shareholders' equity	20,592	19,991	18,859	18,031	10,392

<b>FINANCIAL RATIOS</b>					
Gross profit margin (%)	4.4	5.6	4.8	4.3	6.2
Adjusted gross profit margin (%)*	6.1	6.6	3.9	5.8	7.3
Net profit margin (%)	1.4	2.0	1.4	1.0	4.6
Current ratio (times)	1.4	1.3	1.5	1.5	1.2
Net debt to equity ratio (times)	0.7	1.1	0.9	1.1	2.5

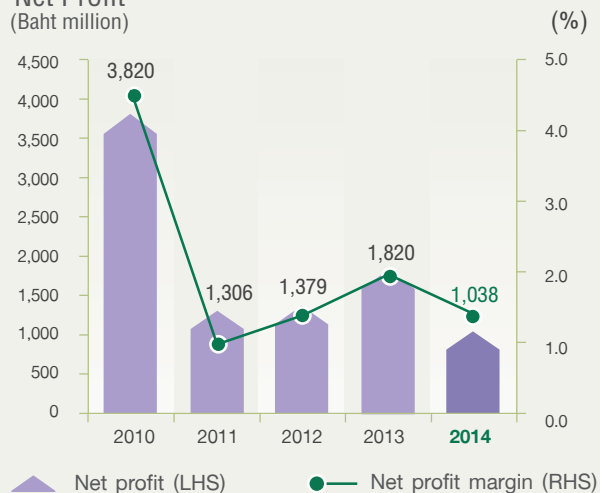
Note: Financial statement for FY2014 has been prepared in accordance with IFRS Accounting Standard, while Financial statements for FY2010 - FY2013 were prepared based on the early adoption of generally acceptable accounting standards.

\* Adjusted for (reversal) allowance of inventory, realised forex gains/(losses), and realised rubber futures gains/(losses)

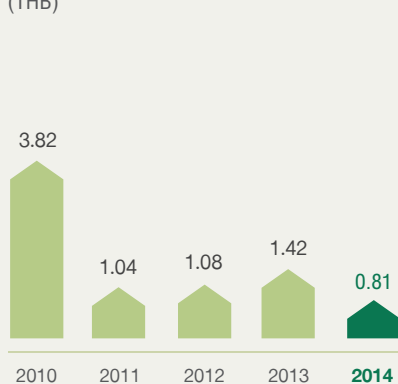
## Revenue &amp; Sale Volume



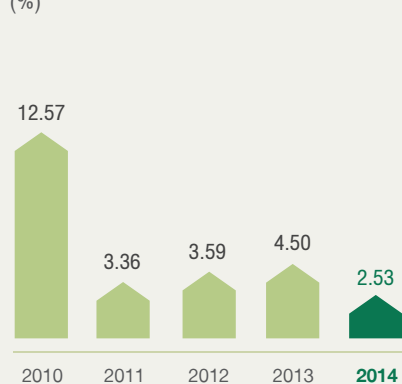
## Net Profit



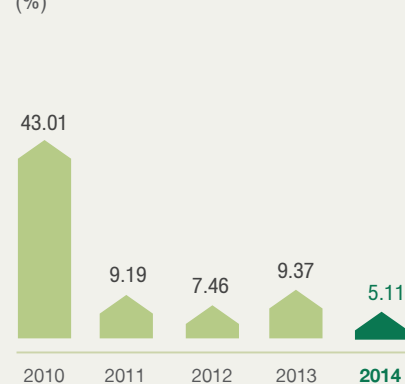
## Earning per share



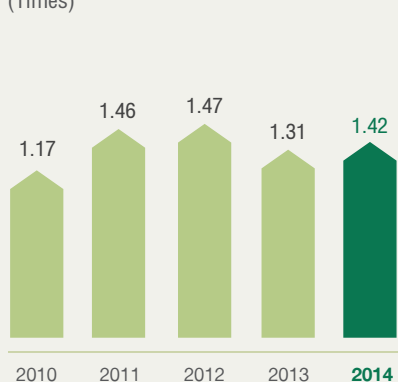
## ROA



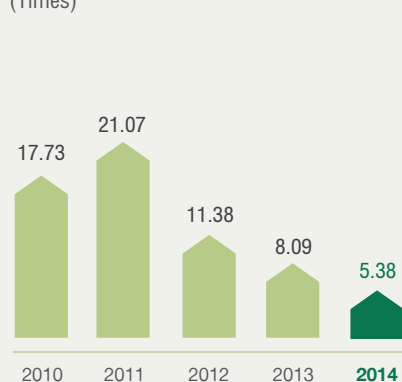
## ROE



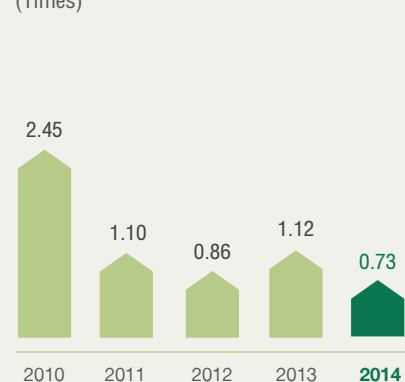
## Current ratio



## Fixed asset turnover



## Net debt to equity





# Message from Chairman

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Dear Shareholders,

The Board of Directors of Sri Trang Agro-Industry Public Company Limited is pleased to present the financial performance and our developments for the year 2014.

2014 was marked as another lacklustre year for all types of commodity including natural rubber. This was underpinned by the extension of global economy slowdown, the slowest growth of Chinese economy in the past 15 years, the oversupply and overstocked situation, rubber price intervention as well as the appreciation of US dollars against our local currencies. Despite having reset our own and industry record sale volume at 1,204,342 tons in 2014, 7% increase from 2013, our performance was simply a reflection of the industry downturn momentum. Revenue decreased 18% to THB 75,530 million primarily due to significantly lower rubber prices. We recorded our net profit at THB 1,038 million, versus THB 1,820 million in previous year. Earning per share was softer from THB 1.42 to 0.81. Nevertheless, our balance sheet remains strong at net cash of THB 2,132 million, total equity of THB 20,592 million with a debt gearing improved to 0.84x from 1.21x in 2013.

Notwithstanding the looming industry backdrop, we have continued to execute our business strategies to retain our best-in-class position in natural rubber industry. We have put tremendous efforts to strengthen our vitality in natural rubber business. We have extended our presence in new growth regions that complement our existing operations by building the first block rubber factory in the North of Thailand, Phitsanulok, and having our first concentrated latex factory in the Northeast of Thailand, Ubon Ratchathani. In 2014, we achieved an annual capacity of 1.4 million tons and maintained our market share of 10%. We also acquired arable land of 8,098 hectare of which 76% has been planted. This together with the neighboring plantation will be proprietary feedstocks to our midstream production landmarks in foreseeable future.

To withstand any cyclical and stabilise our profitability in the long-run, we continue to amplify our production capacity, particularly into unconventional locality, in order to solidify higher market share and enhance fundamental negotiation power. Yet to be fully envisaged, but at very least our performance in 2014 was evidenced as our wardship in encountering contracted economic conditions. Our ambition is not just to have our name engraved as industry leadership but we truly believe that we are positioned to advance our competitive edge to overcome industry cyclical in sustainable manner. Under the groom and doom in the continual oversupplying situation, it becomes, on the other hand, our safe harbor to strain new entrants and allow the industry to consolidate further. We believe this price level would not sustainably drive the whole value chain of natural rubber to benefit in long-term.

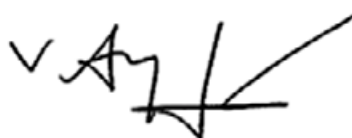
Our joint venture in value-added downstream glove manufacturing business has also been a vital part of our long-standing success trajectory. This healthcare hand protection has contributed resilient results to our group. The success of the joint venture has been largely leveraged by our competitive advantages in raw materials and flourished by Sri Trang cultures. We will continue our commitment in the downstream business to assemble our resourcefulness to the next level and beyond.

We have invested in human resources, our most valuable assets, to be top-quality management team with our “Sri Trang Cultures”. All our managements share the same vision to drive business with all possibilities for long-term stability. Most of them have been venturing with us for their entire working lives. The way they think, the way they work and the way they trouble-shoot problems have been uniquely fostered by our cultures and attracting new talents to our group.

We pledge our commitment to conduct our business in tandem with balance of economic, environment and social development. Not only being recognised as global leader in term of business scale, we strive to be top-of-mind player to all of our stakeholders by valuing good corporate governance and sustainability development as an essential foundation for long-term success. The concept of “Green Rubber Company” that we already put in place has been designed to cater different requirements across different regions. A number of campaigns have been launched to imprint our brand as a trustworthy business partnership with our suppliers and customers. We have fabricated abundance of supply networks to accommodate our ambitious growth plan in any demand versus supply situation.

On behalf of board of directors, it gives me a pleasure to welcome Mr. Patrawut Panitkul and Mr. Li Shiqiang to be members of our board of directors. I would also like to thank our staffs for their tenacity and discretionary efforts in implementing all strategies amidst persistent challenges. My deepest thanks to valued investors, banks and other stakeholders for unrelenting support and confidence in us.

Sincerely yours,



**Dr. Viyavood Sincharoenkul**

Chairman

Sri Trang Agro-Industry Public Company Limited

February 2015



# Board of Directors



1 Dr. Viyavood Sincharoenkul  
Chairman/ Managing Director

2 Mr. Prasit Panidkul  
Vice Chairman/ Executive Director

3 Mr. Chaiyos Sincharoenkul  
Director/ Executive Director

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

5 Mr. Paul Sumade Lee  
Director/ Executive Director

6 Mr. Veerasith Sinchareonkul  
Director/ Executive Director/  
Chairman of Risk Management  
Committee



7 Mr. Patrawut Panitkul  
Director/ Executive Director/  
Risk Management Committee

8 Mr. Li Shiqiang  
Director

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

10 Mr. Kriang Yanyongdilok  
Independent Director/  
Audit Committee Member/  
Chairman of Nomination Committee/  
Remuneration Committee Member

11 Mr. Samacha Potavorn  
Independent Director/  
Audit Committee Member/  
Nomination Committee Member/  
Remuneration Committee Member

12 Mr. Neo Ah Chap  
Independent Director



# Executive Management



1 Mrs. Prapai Srisuttiaphong  
Procurement Manager

2 Mr. Chalernpop Khanjan  
Production Manager

3 Mr. Arsom Aksornnam  
Production Manager

4 Mr. Chaidet Pruksanusak  
Quality Assurance Manager

5 Miss Lim Li Ping  
Controller



6 Mr. Rattapong Laparojkit  
Engineering Manager

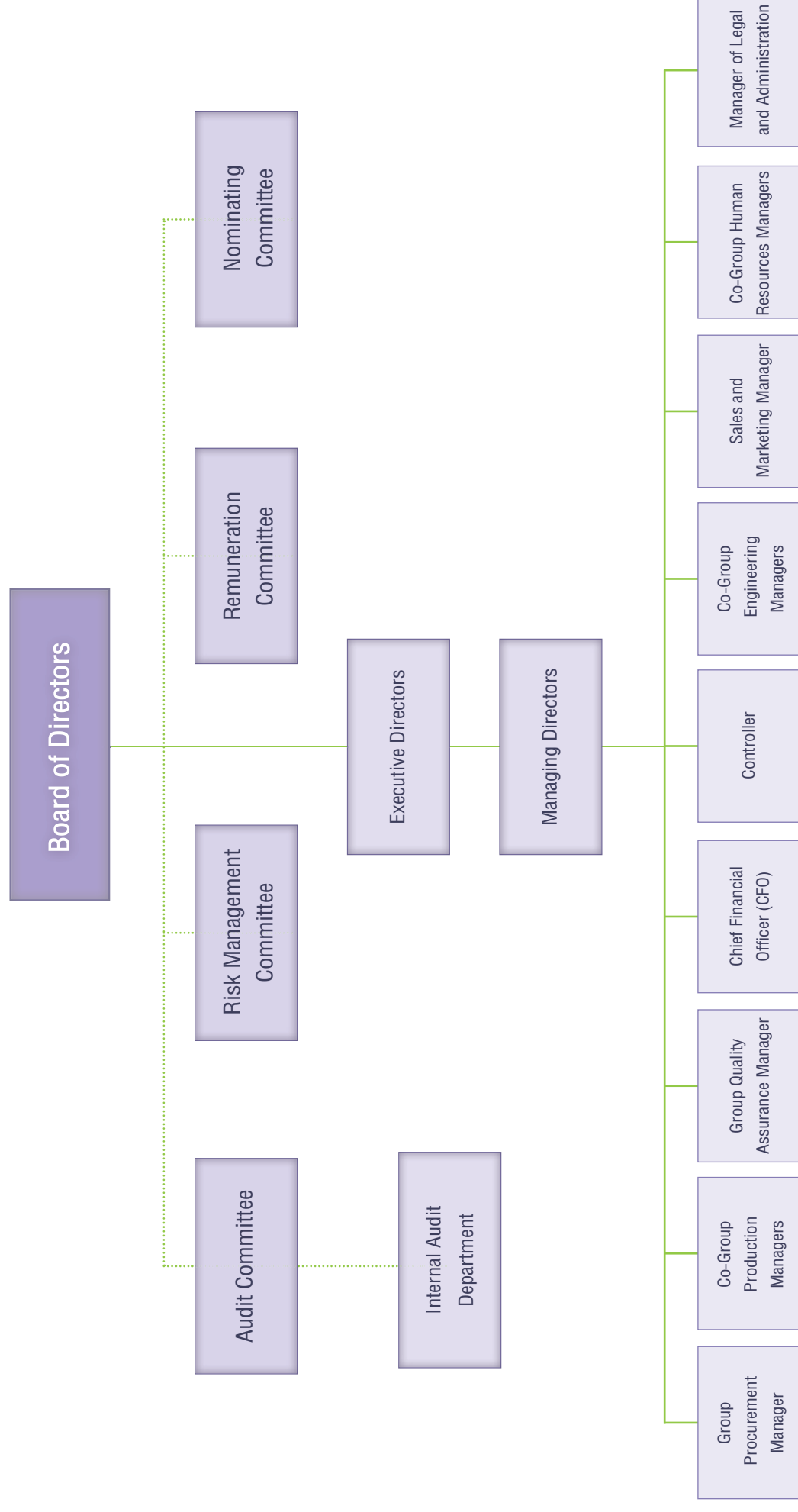
7 Mr. Phanlert Wangsuphadilok  
Engineering Manager

8 Mr. Udom Pruksanusak  
Human Resources Manager

9 Miss Nuchanart Chaiyarat  
Human Resources Manager



# Organisation Chart



# Business Overview

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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 to meet a wide spectrum of natural rubber customers demand, including Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex, with a total production capacity of 1.4 million tons per year. Our 26 rubber processing plants are located in Thailand and Indonesia, the world's top natural rubber producing countries.

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 Stock Exchange of Thailand (SET) on 22 August 1991. STA was converted to 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 Singapore Exchange (SGX). Currently, STA is the only Thai natural rubber company that is dually listed on both the SET and on the SGX.

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 producers 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 scale rubber plantations in Thailand. We currently have 6,160 hectares of rubber plantation across 17 provinces in Thailand.



# Company Milestone

- |  |  |
|--|--|
| <p><b>1987</b><br/><i>April</i> Commenced operations producing ribbed smoked sheets (RSS) in Hat Yai, Thailand with an initial registered capital of THB 31.0 million.</p> <p><b>1987</b><br/><i>October</i> 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.</p> <p><b>1988</b><br/><i>March</i> Established Rubberland Products for the production of Concentrated Latex, our Group's first processing facility producing Concentrated Latex.</p> <p><b>1989</b><br/><i>January</i> Jointly established SSC with Semperit Technische Produkte to produce latex disposable examination gloves.</p> <p><b>1990</b><br/><i>March</i> Jointly established Thai Tech Rubber with Southland Rubber Co., Ltd and Itochu Corporation Limited to expand our product mix to cover TSR block rubber.</p> <p><b>1991</b><br/><i>August</i> Made an initial public offering (IPO) in Thailand and listed our shares on the Stock Exchange of Thailand (SET)</p> <p><b>1994</b><br/><i>January</i> Established Starlight Express Transport to provide logistical support to our Group's business.</p> <p><b>1994</b><br/><i>March</i> Established Premier System Engineering to support our Group's research and development and provide engineering services.</p> <p><b>1995</b><br/><i>May</i> Jointly established Shanghai Semperit with Semperit Technische Produkte to produce escalator handrails.</p> <p><b>1995</b><br/><i>September</i> Established Startex Rubber to invest in upstream business into the ownership of rubber plantations in the Southern region of Thailand.</p> <p><b>1996</b><br/><i>March</i> Jointly established Semperflex Asia with Semperit Technische Produkte to produce high pressure hydraulic hoses.</p> | <p><b>1998</b><br/><i>April</i> Jointly established Sempermed USA, Inc. to manage the sales and marketing of disposable examination gloves which are used for medical and industrial purposes in the United States.</p> <p><b>2002</b><br/><i>April</i> 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.</p> <p><b>2004</b><br/><i>March</i> Established Sri Trang USA to focus on the distribution of the Natural Rubber Products in the US market.</p> <p><b>2004</b><br/><i>July</i> 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.</p> <p><b>2005</b><br/><i>January</i> Established PT Sri Trang Lingga in Indonesia, our first natural rubber procurement and processing facility outside of Thailand.</p> <p><b>2005</b><br/><i>July</i> Jointly established Semperflex Shanghai to produce high pressure hydraulic hoses in the PRC.</p> <p><b>2007</b><br/><i>February</i> Our subsidiary, Sri Trang International, was awarded the first prize in the top trading volume award by the Singapore Commodity Exchange Limited.</p> <p><b>2007</b><br/><i>December</i> Established Sri Trang Rubber &amp; Plantation to invest in rubber plantations.</p> <p><b>2008</b><br/><i>February</i> Our subsidiary, Sri Trang International, was awarded the second prize in the top trading volume award by the Singapore Commodity Exchange Limited.</p> <p><b>2008</b><br/><i>May</i> Jointly established Sempermed Singapore with Semperit Technische Produkte for the acquisition of Sempermed Brasil, our distributor of examination gloves in Brazil.</p> <p><b>2009</b><br/><i>August</i> Acquired PT Star Rubber as our second Indonesian TSR processing facility.</p> |
|--|--|

- 2009**  
*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 and listed its shares on the SGX-ST. STA is the first Thai listed company dually listing in Singapore and Thailand.
- 2011**  
*December* STA issued two tranches of debentures, the first debenture for rubber processor in Thailand, to the institutional and high net-worth investors totaling THB 2,150 million.
- 2012**  
*August* STA won Prime Minister's Export Award 2012 for being a best exporter with the export value exceeding THB 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.
- 2013**  
*February* STA issued two tranches of debentures to the institutional and high net-worth investors totaling THB 900 million for working capital and capacity expansion of our group.
- 2013**  
*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
- 2013**  
*July* STA's new block rubber factory with a production capacity of 60,000 tons per annum in Ubon Ratchathani province started production
- 2013**  
*October* Jointly established Sri Trang Ayeyar with Ayeyar Hinthar Holdings Company Limited to expand natural rubber processing base into Myanmar
- 2013**  
*November* Semperform Pacific completed liquidation process.
- 2013**  
*December* Established our first Vietnam subsidiary, Sri Trang Indochina in Ho Chi Minh, to trade and export Natural Rubber Products from Vietnam.

## 2014

*January*

STA's new block rubber factory with production capacity of 60,000 tons per annum in Phitsanulok started production

Registered an THB 800 million increase in common equity for Sri Trang Rubber & Plantation to support the Company's expansion in upstream business

*October*

STA's new Concentrated Latex factor in Ubon Ratchathani, our first Concentrated Latex factory in the Northeast, started its production line with production capacity of 10,000 tons per annum



# Products and Services

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**Natural Rubber  
Products**



**Finished Products**






**Other Businesses**





## 1. Natural Rubber Products

Natural Rubber Products are STA core products contributing about 97% of the group's total revenue in 2014. We produce and distribute a full range of Natural Rubber Products including Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex.

Natural Rubber Products	Product Types	Applications
<b>1. Technically Specified Rubber : TSR</b>		
	<b>Produced in Thailand:</b> <ul style="list-style-type: none"> <li>• STR</li> <li>• STR CV</li> <li>• STR Compound</li> </ul> <b>Produced in Indonesia:</b> <ul style="list-style-type: none"> <li>• SIR</li> <li>• SIR Compound</li> </ul>	Mostly used as raw material for the tire industry
<b>2. Ribbed Smoked Sheets : RSS</b>		
	<ul style="list-style-type: none"> <li>• 5 Grades of RSS; RSS1, RSS2, RSS3, RSS4 and RSS5</li> <li>• ADS (Air Dried Sheet)</li> <li>• RSS 1XL</li> </ul>	Raw material for the tire industry, parts of automobile, belt, pipe, and shoes, etc.
<b>3. Concentrated Latex</b>		
	<b>60% Concentrated Latex</b> <ul style="list-style-type: none"> <li>• HA – High Ammonia Latex</li> <li>• MA – Medium Ammonia Latex</li> <li>• LA – Low Ammonia Latex</li> <li>• Double Centrifuge Latex</li> </ul>	Raw material in the productions of latex disposable examination gloves, condoms, 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 raw materials represent about 94% of our production costs, the procurement process is one of the key success factors for our business. Thus, we have focused on establishing and expanding our network of procurement centers 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 2014, we have 83 raw material procurement centres, 56 of which in Thailand and another 27 in Indonesia.



### Sales, marketing and customers

Apart from the sales unit from our production bases in Thailand and Indonesia, we have established four trading and distribution networks based in Singapore, the United States, the PRC and Vietnam through our subsidiaries Sri Trang International, Sri Trang USA, Shi Dong Shanghai, and Sri Trang Indochina, 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.



### Production facilities and capacity

Sri Trang Group is the world's largest natural rubber producer. As at 31 December 2014, the Company have 26 processing facilities, 24 of which in Thailand and two processing facilities in Indonesia, with a total optimal production capacity of approximately 1.4 million tons of Natural Rubber Products per year. For the year ended December 2014, utilisation rate was approximately 72.8% of our production capacity. In 2014, STA also expanded our production base into Myanmar through our new subsidiary, Sri Trang Ayeyar. The new STR factory is expected to start the operation in 2015.



### Shipping, logistics and maintenance

Services for shipping and logistic 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 has expertise in engineering and production development in the industry.

## 2. Finished Products



Siam Sempermed Corporation Limited (SSC), jointly established by Sri Trang Group and Semperit Technische Produkte, is Thailand largest disposable 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 2014, 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 disposable examination gloves producers and one of the leading producers of natural rubber and nitrile examination gloves globally.

### Sales and marketing

Together with our business partner, we have established two companies; Sempermed USA and Sempermed Brasil in strategic locations, focusing in the sales and distribution of the disposable examination gloves in North America and Brazil, respectively. Sempermed Brasil has recently ceased its operation in South America.



### 3. Other Businesses

#### Rubber plantation

We operate our rubber plantation through our subsidiary, Sri Trang Rubber & Plantation. As at 31 December 2014, we have acquired 6,160 hectares which is already planted\* for rubber in 17 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 handrails

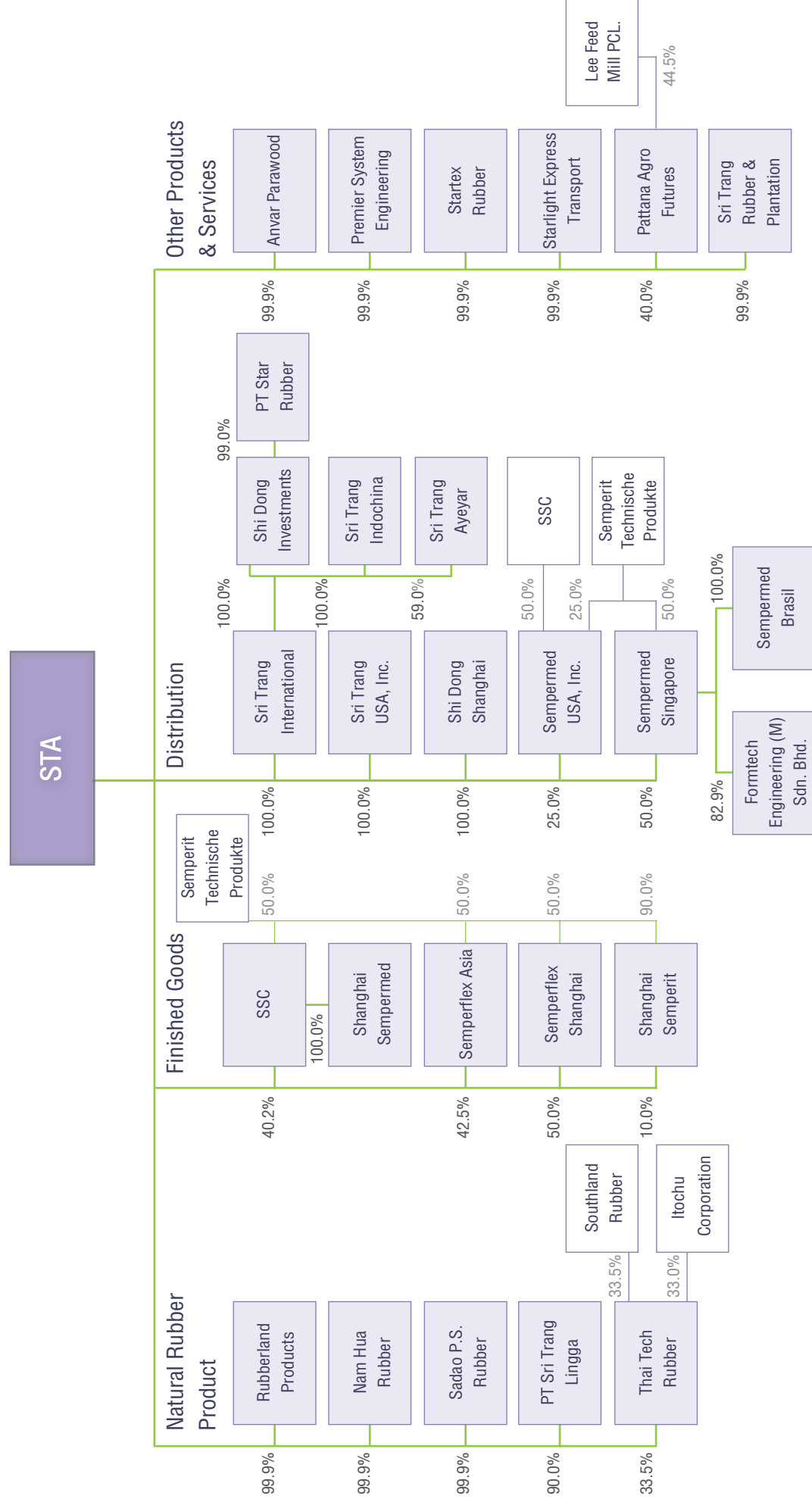
We participate in the production and sale of high quality escalator handrails through Shanghai Semperit, a leader of world's escalator handrail industry.



Note: \* This includes the land with our own title deeds of 5,769 hectares and the land restricted to transfer in certain period as well as the land that we have rights to use by paying local maintenance tax totaling 391 hectares.

# Group Structure

The group structure of the Company as of 31 December 2014 is shown in the diagram below.





# Revenue Structure



Type of Business/ Operated by	% Shareholding by STA	Year ended 31 December					
		2012		2013		2014	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
<b>Revenue from TSR products</b>		<b>77,499.7</b>	<b>77.5</b>	<b>70,773.7</b>	<b>76.6</b>	<b>57,512.4</b>	<b>76.0</b>
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						
<b>Revenue from RSS products</b>		<b>13,591.0</b>	<b>13.6</b>	<b>12,845.5</b>	<b>13.9</b>	<b>9,818.5</b>	<b>13.0</b>
STA	-						
Sri Trang International	100.0						
Sri Trang USA, Inc.	100.0						
Nam Hua Rubber	99.9						
Shi Dong Shanghai	100.0						
<b>Revenue from Concentrated Latex products</b>		<b>6,436.4</b>	<b>6.4</b>	<b>6,047.4</b>	<b>6.5</b>	<b>5,631.5</b>	<b>7.4</b>
STA	-						
Sri Trang International	100.0						

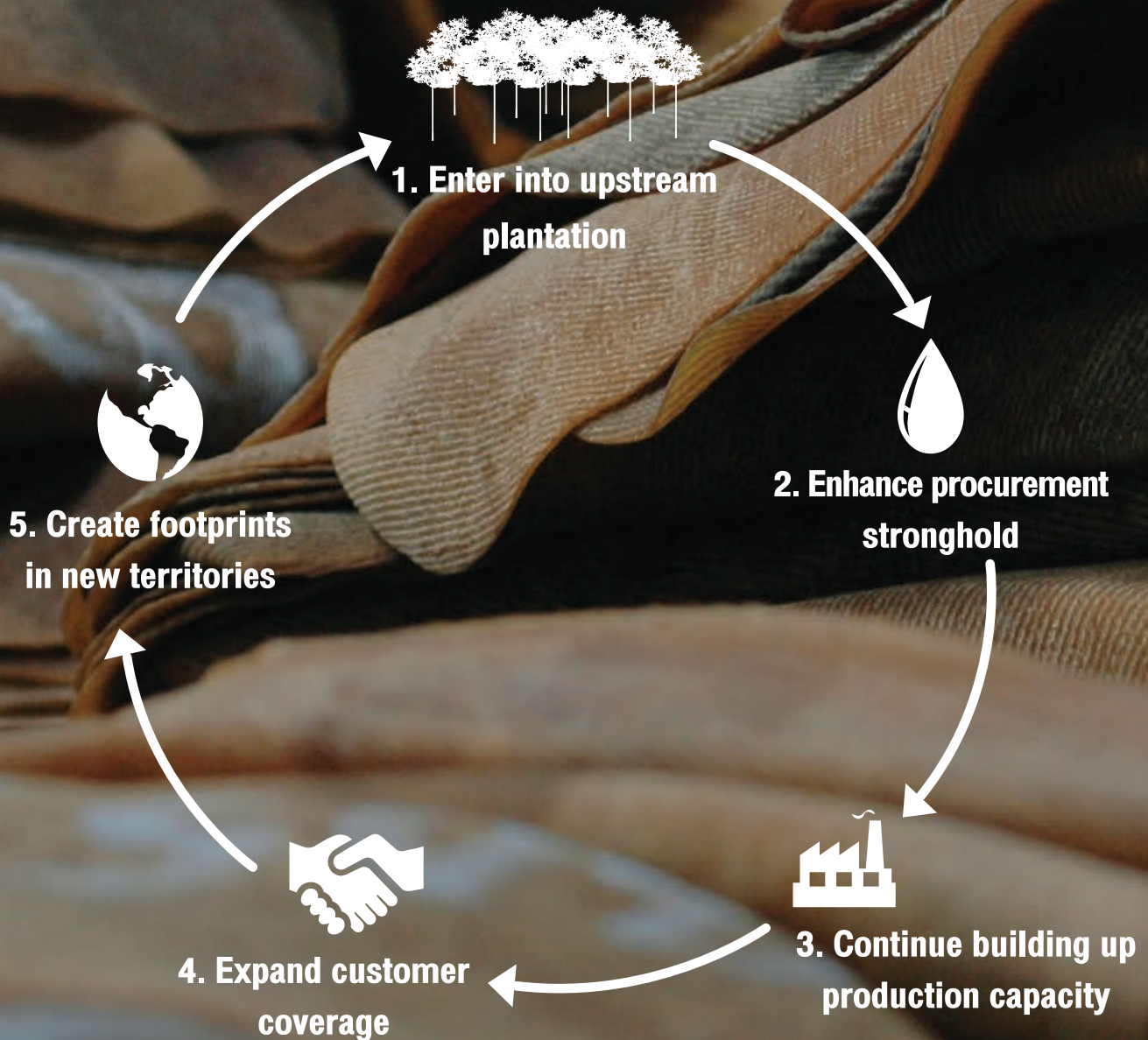
Type of Business/ Operated by	% Shareholding by STA	Year ended 31 December					
		2012		2013		2014	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
Shi Dong Shanghai	100.0						
Sri Trang USA, Inc.	100.0						
Rubberland Products	99.9						
Nam Hua Rubber	99.9						
<b>Revenue from other products and services*</b>		<b>2,112.0</b>	<b>2.1</b>	<b>2,518.5</b>	<b>2.7</b>	<b>2,567.5</b>	<b>3.4</b>
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	100.0						
Shi Dong Shanghai	100.0						
<b>Other income</b>		<b>363.9</b>	<b>0.4</b>	<b>260.0</b>	<b>0.3</b>	<b>121.1</b>	<b>0.2</b>
<b>Total revenue</b>		<b>100,003.0</b>	<b>100.0</b>	<b>92,445.1</b>	<b>100.0</b>	<b>75,651.0</b>	<b>100.0</b>
<b>Share of profit of investments in associates and a joint venture</b>		<b>526.8</b>		<b>495.6</b>		<b>535.1</b>	

Note: \* Comprises (i) the sale of dried rubber wood and wood packing products, (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, and (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 almost three 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 zones. This could ultimately increase sustainable profitability, provide us supply insights and increase opportunity for new capacity expansion for our midstream operation. In pursuance of this strategy, we have continually acquired land with high potential yield output. As at 31 December 2014, we have acquired land in total of 8,098 hectares<sup>1</sup> in 19 provinces around Thailand of which 6,160 hectares has been already planted for rubber.

### 2. Enhance our procurement stronghold

Raw material procurement is the paramount process in natural rubber midstream business as raw material cost represents the majority of 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 modern production facilities. We aim to further expand our total production capacity to 1,700,000 tons/annum by the end of 2016. 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 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 almost 30 years of experience as a production base of global player in commodity business, we focused our production sources in 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<sup>2</sup> and Vietnam, we have to stretch our production base to new territories. In 2014, we expanded our production capacity to Myanmar through a new subsidiary and expect the new factory to start the operation in 2015. We have also been successful in putting our distribution flagship in Vietnam which is the 3<sup>rd</sup> largest supply of natural rubber.

Note: <sup>1</sup> This includes the land with our own title deeds of 6,407 hectares and the land restricted to transfer in certain period as well as the land that we have rights to use by paying local maintenance tax totaling 1,691 hectares.

<sup>2</sup> CAMAL countries include Cambodia, Myanmar and Lao PDR.

# Natural Rubber Industry and Competition

## Natural Rubber Industry

### Demand and Supply of Natural Rubber in 2014

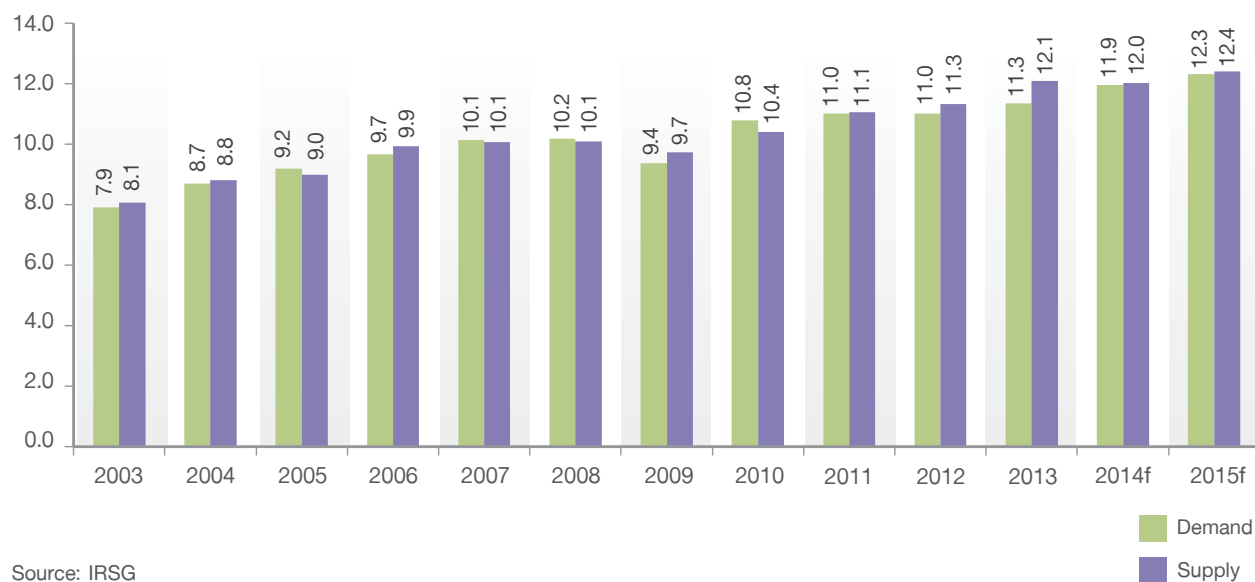
According to International Rubber Study Group (IRSG), World Rubber Industry Outlook, Review and Prospects to 2023 as of December 2014, the world demand of natural rubber (NR) in 2014 was 11,944,000 tons representing 5.3% increase (vs. 2.7% in 2013). The accelerated growth rate was supported by the increase in the world's tire production, which constituted around 70% of the world's NR demand. The demand growth was contributed mainly by China, EU and the US at the rate of 8%, 7% and 4%, respectively. This was offset by the diminishing demand from Japan and other Asia-Pacific countries. The world supply of NR, on the other hand, marginally dropped by 0.5% to 12,020,000 tons in 2014. Key factor for the supply decrease was due to the continuous drop in NR price where farmers reduced the tapping intensity as well as postpone the planting/re-planting schedule. Asia-Pacific was the region resulting in supply drop. Malaysia and India output decreased by 15% and 14%, respectively, despite the continuous growth of supply in Vietnam and CAMAL\* countries.

### Trend of Demand and Supply of Natural Rubber in 2015

The world's NR demand was expected to grow at a slower rate in 2015, before recovering to a steady pace in 2016 onwards. The total demand volume was expected to reach 12,317,000 tons or 3.1% increase from 2014. This deceleration in 2015 was caused by the sharp increase in demand and inventory buildup in 2014. Most growing demand volumes come primarily from China, India and USA, whereas Japan will experience a demand contraction. For NR supply, IRSG forecasted the NR production will recover from the contraction in 2014 and grow at 3.1% reaching 12,394,000 tons in 2015. The largest sources of additional supply volumes are CAMAL\* countries, India and China, while the top-3 producing countries (Thailand, Indonesia and Vietnam) will maintain their production level relatively at the same level as 2014.

### Diagram Exhibits Demand and Supply of Natural Rubber during 2003-2015

Unit: Million Tons



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

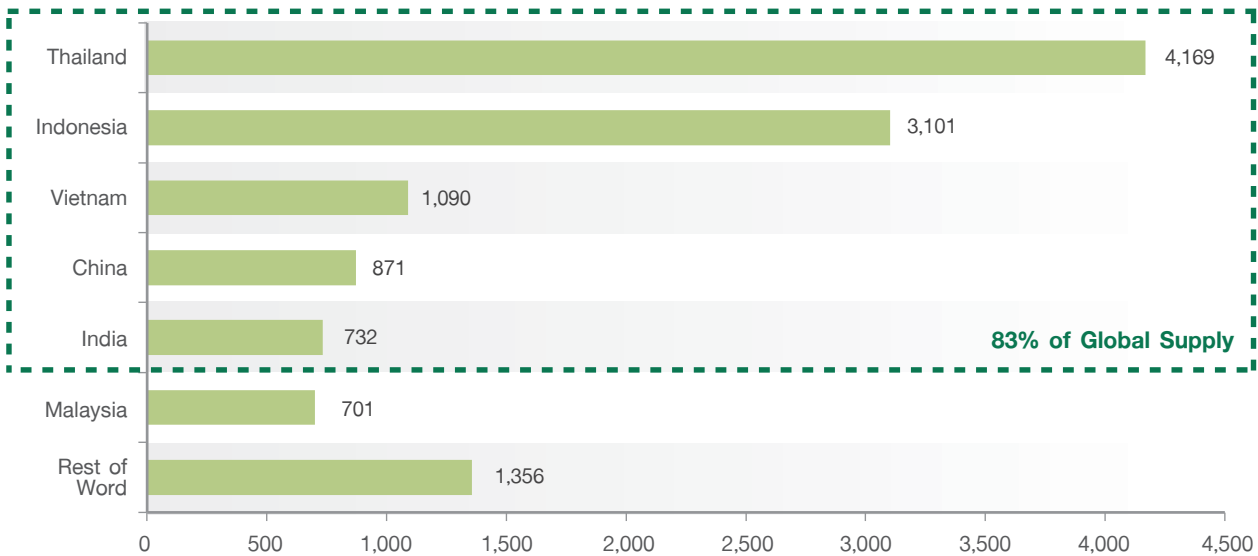


World’s Major NR Producing Country

Rubber tree is a perennial crop that can only be grown in some part of the world. In 2014, Thailand was the largest rubber supplier with a share of 34.7% followed by Indonesia at 25.8%, Vietnam at 9.1%, China at 7.2% and India at 6.1%. These top five represented 82.9% of the world’s production.

Diagram Exhibits Natural Rubber Supply Breakdown by Country: 2014

Unit: Thousand Tons



Source: IRSG

Key Factors Affecting NR Supply

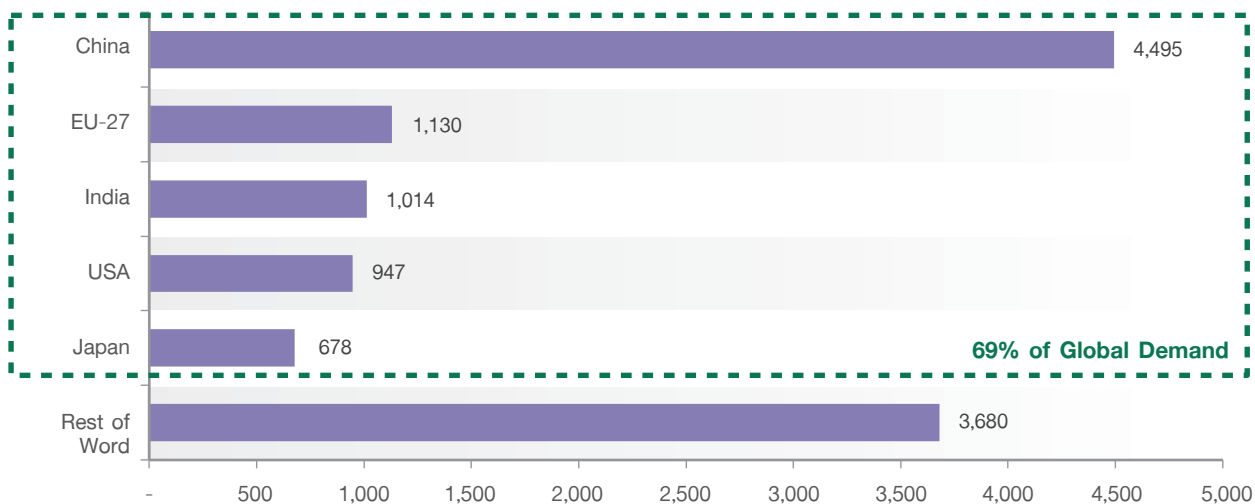
The supply of natural rubber is factored by long gestation period of rubber trees (6-7 years), the availability of arable area, tapping/ new planting/ replanting area, labor cost, rubber prices and sufficiency of labor force. Additionally, the output of different harvesting season and planting zone also 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 37.6% of total global consumption followed by Europe, India, the US, and Japan who consumed about 9.5%, 8.5%, 7.9% and 5.7% of total global consumption, respectively. These top five represented 69.2% of the world's consumption share as of 2014.

**Diagram Exhibits Natural Rubber Demand Breakdown by Country: 2014**

Unit: Thousand Tons



Source: IRSG

### Key Factors Affecting NR Demand

Global economic development is the key indicator for tire consumption, which in turn, has a very high influence on NR demand growth prospect as approximately 70% of NR demand is driven by tire 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 2003-2015**

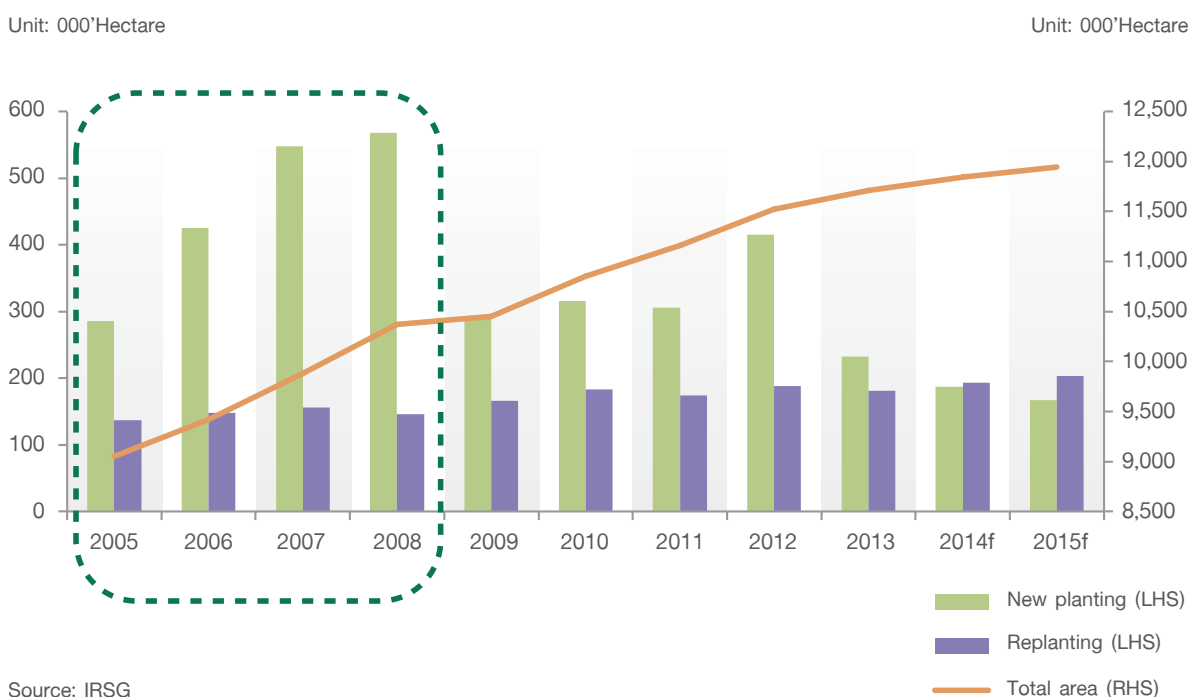


Source: IMF and IRSG

## 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 sufficient to absorb the expansion of future supply. However, with an improvement in demand from China and advanced NR consuming countries, IRSG anticipates that the demand and supply gap will be narrower and reduce from its peak at 732,000 tons in 2013. The projection indicates the surplus to hover around 76,000 tons in 2015 and remain at slightly more or less in years to come.

**Diagram Exhibits Planting Area of Natural Rubber during 2005-2015**



**Diagram Exhibits Supply Surplus (Deficit) of Natural Rubber during 2003-2015**





## Natural Rubber Price

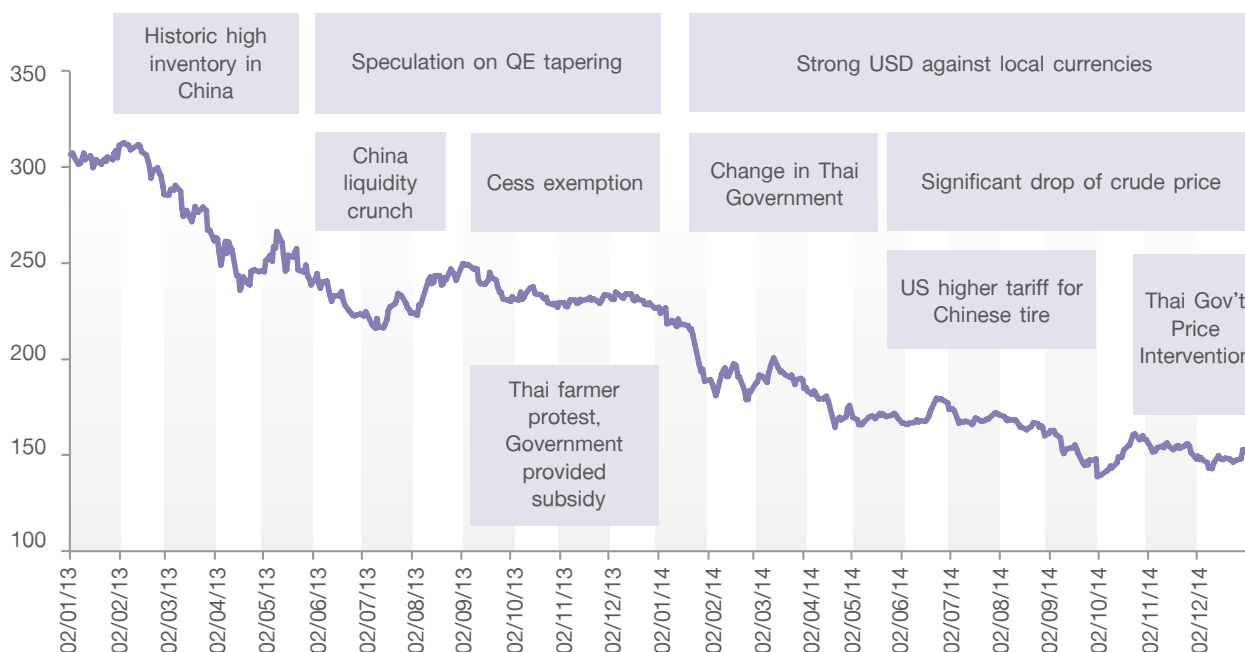
The price of natural rubber are affected by a number of factors including 1) world economic conditions which directly influence automobile and tire industry, 2) the magnitude of demand and supply, 3) exchange rate fluctuation especially US dollar, Japanese Yen, and natural rubber exporting currencies 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.

NR price carried on the negative momentum since 2013 driven by high level of NR inventory in China and the slow recovery of world economic. The downward movement continued until 4Q 2014 due mainly to China economics slow-down, remaining supply surplus, higher US tariff for Chinese tires and plunge in crude oil price. Afterward, the price has stabilized as a result of overall lower supply from NR producing countries. The impact from Thai government price intervention policy at the end of the year was still limited to local market price, while the global market price did not move in tandem with.

The recovering US economy has led to stronger USD against Thai Baht, Malaysia Ringgit, and Indonesia Rupiah. Such currency movement is unfavorable to NR price quoted in the US dollar term.

### Diagram Exhibits SICOM Price of STR20 in 2013 - 2014

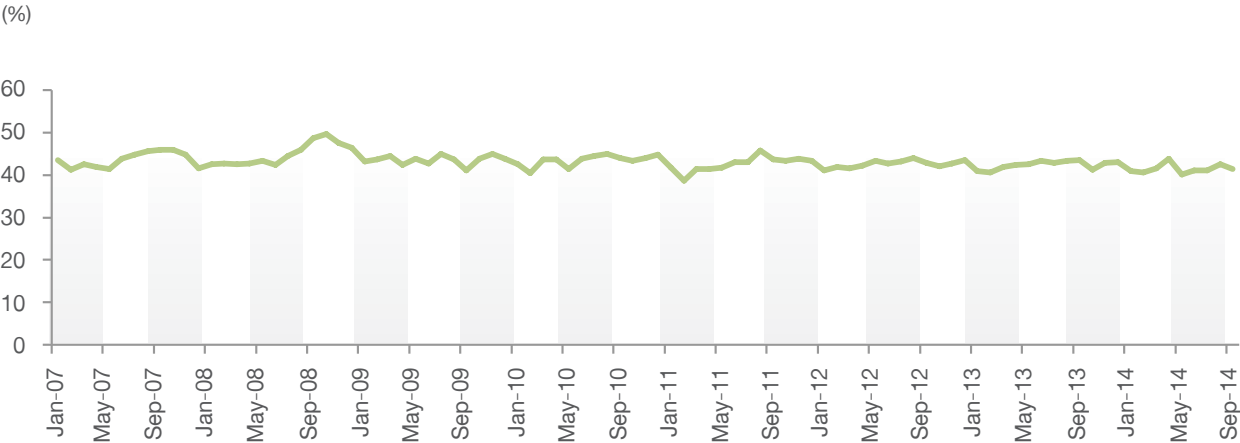
(US Cent: Kilogram)



## 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 tires must be consisted of both natural rubber and synthetic rubber. However, high-performance tires 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 seven 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 NR producing and exporting countries are Thailand, Indonesia, Vietnam and China. With our 10%<sup>1</sup> of world market share in 2014, we believe that we are the world’s largest fully integrated natural rubber processing company. Our main competitors are Von Buntit 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 Halcyon Agri Corporation.

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.

Being a midstream player in NR 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 tiremakers as well as other tire 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 almost 30 year of experience in natural rubber industry is one of the most important competitive advantages 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 would enable us to continually increase our competitive edge and profitability as well as strengthen our market position as a dominant natural rubber player.

Note: <sup>1</sup> Based on our sales volume of Natural Rubber Products of approximately 1,204,342 tons for the financial year ended 31 December 2014 and the total global demand for Natural Rubber Products of approximately 11,944,000 tons in 2014.

# Key Strengths



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.



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 opportunity for business expansion in the future.



Having production base in major natural rubber producing countries

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



Expand upstream to rubber plantation business

- Emphasise 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.



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 for more than 8% of our total sale volume.
- Get direct access to end-users to gain demand flow and market sentiment.



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.
- Having a block rubber factory in Myanmar creates a business opportunity in high-growth country for natural rubber.



Captained by highly experienced managements

- Led by a group of seasoned managements with almost 3-decade of experience in natural rubber industry



# Board of Directors



## Dr. Viyavood Sincharoenkul

Chairman/ Managing Director

### Age

59 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, Anvar Parawood
- 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, Shi Dong Investments
- Director, Shi Dong Shanghai
- Director, Sempermed Singapore
- Director, PT Star Rubber
- Director, Sri Trang Indochina
- Director, Semperflex Shanghai
- Director, Shanghai Semperit
- Director, Shanghai Sempermed
- Director, Sempermed USA

### 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

67 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

63 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
- Director, International Rubber Consortium Ltd.
- President of the Thai Rubber Association
- Member of Sub-standing Committee for Considering and Studying Agricultural Productivity, under the Standing Committee on Agriculture and Co-operatives, National Legislative Assembly
- Member of Ad Hoc Subcommittee for Considering Rubber Organization under the Bill on Rubber of Thailand, under the Ad Hoc Committee for Considering the Bill on Rubber of Thailand, National Legislative Assembly

### Positions in Non-Listed Companies in Foreign Countries

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

### Work Experience

- 2008 – 2014 Director, The Federations of Thai Industries
- 2008 – 2012 Chairman, The Federations of Thai Industries, Songkhla Province
- 2008 – 2010 Chairman, MGT-GT Joint Business Council, Thailand
- 2008 – 2010 Co-Chairman, Working Group on Agriculture, Agro-Based Industry and Environment, MGT-GT Joint Business Council
- 1987 – 1993 Director, Sri Trang Agro-Industry Co., Ltd.





## Mr. Kitichai Sincharoenkul

Director/ Executive Director/ Nomination Committee Member

### Age

55 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

- 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, Sri Trang Rubber & Plantation
- Director, Pattana Agro Futures
- Director, Rubberland Products

### Positions in Non-Listed Companies in Foreign Countries

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

### Work Experience

- 1988 – 1995      Branch Manager, STA
- 1984 – 1987      Credit Department of Citibank



## Mr. Paul Sumade Lee

### Director/ Executive Director

#### Age

60 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

- Director, STA
- Sales and 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
- Director, Sempermed USA

#### Work Experience

- 1988 – 2003 Global Market Director, ELDERS Finance/ DRESDNER bank
- 1983 – 1987 Programmer Macquarie Bank
- 1982 Programmer Custom Credit Corporation
- 1979 – 1981 Programmer Computer Installation Development



## Mr. Veerasith Sinchareonkul

Director/ Executive Director/ Chairman of Risk Management Committee

### Age

30 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
- FSD 26/2014 by Thai Institute of Directors Association

### Present Position

- Director, STA
- Chairman of Risk Management Committee, STA

### Positions in Other Listed Companies

None

### Positions in Non-Listed Companies in Thailand

- Director, Semperflex Asia
- Director, Rubberland Products
- Director, Premier System Engineering

### Positions in Non-Listed Companies in Foreign Countries

- Director, Shanghai Sempermed
- Director, Sri Trang USA
- Director, Sempermed USA

### Work Experience

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





## Mr. Patrawut Panitkul

Director/ Executive Director/ Risk Management Committee

### Age

46 years

### Date of Appointment

7 May 2014

### Academic Background

Bachelor Degree of Business Administration Accounting, Prince of Songkhla University

### Training Program

DCP 195/2014 by Thai Institute of Directors Association

### Present Position

- Director, STA
- Chief Financial Officer (CFO), STA
- Risk Management Committee, 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

- 2001 – 2009      Accounting Manager of STA
- 1992 – 2000      Accounting Manager of Siam Sempermed Corp., Ltd



## Mr. Li Shiqiang

Director

### Age

42 years

### Date of Appointment

7 May 2014

### Academic Background

- Master Degree in Business Management, Shanghai University, China
- Bachelor Degree in Business English, Qingdao University, China

### Training Program

None

### Present Position

Director, STA

### Positions in Other Listed Companies

None

### Positions in Non-Listed Companies in Thailand

None

### Positions in Non-Listed Companies in Foreign Countries

- Director and General Manager, Shi Dong Shanghai Rubber Co., Ltd
- Director, Sri Trang International

### Work Experience

- 2004 – 2010 Consulting Representative of Sri Trang Group in China
- 2002 – 2003 Import and Export Manager of Qingdao Sentaída Rubber Co., Ltd.
- 2000 – 2002 Natural Rubber Manager of Sinochem International Corp., Qingdao office
- 1997 – 2000 Assistance General Manager of Qingdao Tizong Rubber Tyre Co., Ltd.



## Mr. Prakob Visitkitjakarn

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

### Age

74 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

- Independent Director, STA
- Chairman of Audit Committee, STA
- Chairman of Remuneration Committee, STA

### Positions in Other Listed Companies

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

76 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, STA
- Audit Committee Member, STA
- Chairman of the Nomination Committee, STA
- Remuneration Committee Member, STA
- Certified Public Accountant (Thailand) No. 4250

### Positions in Other Listed Companies

None

### Positions in Non-Listed Companies in Thailand

- Director, J M P Group (1993) Co., Ltd.
- Director, March Auto 2010 Co., Ltd.

### 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

71 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, STA
- Audit Committee Member, STA
- Nomination Committee Member, STA
- Remuneration Committee Member, 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

70 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 – 2014 Sole-proprietor of NAC Consultancy Services
- 1998 – 2009 Executive Director of Tan Chong International Ltd.
- 1971 – 2009 Marketing Director of Tan Chong & Sons Motor Company (Singapore) Private Limited



# Executive Management Profile

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## Mrs. Prapai Srisuttiaphong

Procurement Manager

### Age

61 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

44 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. Arsom Aksornnam

Production Manager

### Age

47 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    Production 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

46 years

### Academic Background

Diploma in Finance and Banking, Bangkok Commercial College

### Training Program

None

### Director Position in Other Companies

Director, Prukso Rubber Co., Ltd.

### Work Experience

- 2009 – Present    Quality Assurance Manager, STA
- 2007 – 2008     Coordinated Officer, STA
- 1999 – 2006     Factory Manager, STA



## Miss Lim Li Ping

Controller

### Age

42 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

41 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

43 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

53 years

#### Academic Background

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

#### Training Program

None

#### Director Position in Other Companies

- Director, Pruksa Rubber Co., Ltd.
- Director, Pruksa 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

47 years

### Academic Background

Bachelor of Marketing Science, Prince of Songkhla University

### Training Program

None

### Director Position in Other Companies

Director, STH

### Work Experience

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

# Management Structure



## Committees of STA

As of 31 December 2014, 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 2014, the Board of Directors of STA consists of 12 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 <sup>*</sup>	Director/ Executive Committee/ Chairman of the Risk Management Committee	Executive Director
7. Mr. Patrawut Panitkul <sup>**</sup>	Director/ Executive Committee/ Risk Management Committee	Executive Director
8. Mr. Li Shiqiang <sup>**</sup>	Director	Non-Executive Director

Note: \* The appointments of Mr. Veerasith Sinchareonkul and Mr. Patrawut Panitkul as STA Executive Directors were effective on 12 May 2014.

: \*\* Mr. Patrawut Panitkul and Mr. Li Shiqiang were elected as new members to STA Board of Directors in accordance with the resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.



Name	Position	Remarks
9. Mr. Prakob Visitkitjakarn	Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director
10. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member/ Chairman of the Nominating Committee/ Remuneration Committee member	Non-Executive Director
11. Mr. Samacha Potavorn	Independent Director/ Audit Committee member/ Nominating Committee member/ Remuneration Committee member	Non-Executive Director
12. Mr. Neo Ah Chap	Independent Director	Non-Executive Director

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

### Authorised Directors of STA

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

### Honorary Adviser of the Company

The Board of Directors Meeting No. 3/2014 held on 10 March 2014 resolved to approve the continuance of the engagement of Mr. Somwang Sincharoenkul as the Honorary Adviser 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 2014 to 6 May 2016 is THB 428,000 per month or THB 5,136,000 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 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 authorisation or sub-authorisation 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 twelve Directors, four of whom are Independent Directors. The Company has seven 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 include :

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 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 independency.

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 2014, the Executive Committee consisted of 7 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
6. Mr. Veerasith Sinchareonkul*	Executive Director
7. Mr. Patrawut Panitkul**	Executive Director

Note: \* The appointments of Mr. Veerasith Sinchareonkul and Mr. Patrawut Panitkul as STA Executive Directors were effective on 12 May 2014.

\*\* Mr. Patrawut Panitkul was elected as new member to STA Board of Directors in accordance with the resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.

## 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 authorisation or sub-authorisation 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 2014, the Audit Committee consists of the following directors:

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

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

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

### Scope of Duties and Responsibilities of the Audit Committee

1. To assist the Board of Directors in the discharge of its responsibilities on financial and accounting matters (including reviewing STA's financial reporting process and our Company's consolidated financial statements to ensure accuracy and adequacy).
2. To review our Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review our Company's compliance with the law on securities and exchange, the regulations of the SET, 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 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 as 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 2014, 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 2014, the Remuneration Committee consists of 3 Directors as follows:

Name	Position
1. Mr. Prakob Visitkitjakarn	Chairman of the Remuneration Committee
2. Mr. Kiang 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 2014, the Remuneration 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 unit.

## 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 2014 are as follows:

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2014	(%)	2014	(%)	2014	(%)
1. Mr. Viyavood Sincharoenkul	9/9	100	9/9	100	-	-
2. Mr. Prasit Panidkul	3/9	33	2/9	22	-	-
3. Mr. Chaiyos Sincharoenkul	8/9	89	9/9	100	-	-
4. Mr. Kitichai Sincharoenkul	9/9	100	9/9	100	-	-
5. Mr. Paul Sumade Lee	9/9	100	9/9	100	-	-
6. Mr. Veerasith Sinchareonkul	8/9	89	9/9	100	-	-

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2014	(%)	2014	(%)	2014	(%)
7. Mr. Patrawut Panitkul*	6/6	100	9/9	100	-	-
8. Mr. Li Shiqiang*	5/6	83	-	-	-	-
9. Mr. Prakob Visitkitjakarn	9/9	100	-	-	8/8	100
10. Mr. Kriang Yanyongdilok	9/9	100	-	-	8/8	100
11. Mr. Samacha Potavorn	9/9	100	-	-	8/8	100
12. Mr. Neo Ah Chap	9/9	100	-	-	-	-

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Nominating Committee		Remuneration Committee		Risk Management Committee	
	2014	(%)	2014	(%)	2014	(%)
1. Mr. Viyavood Sincharoenkul	-	-	-	-	-	-
2. Mr. Prasit Panidkul	-	-	-	-	-	-
3. Mr. Chaiyos Sincharoenkul	-	-	-	-	-	-
4. Mr. Kitichai Sincharoenkul	2/2	100	-	-	-	-
5. Mr. Paul Sumade Lee	-	-	-	-	-	-
6. Mr. Veerasith Sinchareonkul	-	-	-	-	2/3	67
7. Mr. Patrawut Panitkul*	-	-	-	-	2/3	67
8. Mr. Li Shiqiang*	-	-	-	-	-	-
9. Mr. Prakob Visitkitjakarn	-	-	2/2	100	-	-
10. Mr. Kriang Yanyongdilok	2/2	100	2/2	100	-	-
11. Mr. Samacha Potavorn	2/2	100	2/2	100	-	-
12. Mr. Neo Ah Chap	-	-	-	-	-	-

Note: \* Mr. Patrawut Panitkul and Mr. Li Shiqiang were elected as new members to STA Board of Directors in accordance with the resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.

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 2014, 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. Patrawut Panitkul**	Director and Chief Financial Officer
8. Mr. Li Shiqiang**	Director
9. Mr. Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee
10. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
11. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee
12. Mr. Neo Ah Chap	Independent Director
13. Mrs. Prapai Srisuttiiphong	Procurement Manager
14. Mr. Chalernpop Khanjan	Production Manager
15. Mr. Arsom Aksornnam	Production Manager
16. Mr. Chaidet Pruksanusak	Quality Assurance Manager
17. Mr. Rattapong Laparojkit	Engineering Manager
18. Mr. Phanlert Wangsuphadilok	Engineering Manager
19. Mr. Udom Pruksanusak	Human Resources Manager
20. Ms. Nuchanart Chaiyarat	Human Resources Manager
21. Ms. Lim Li Ping	Controller

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

\*\* Mr. Patrawut Panitkul and Mr. Li Shiqiang were elected as new members to STA Board of Directors in accordance with the resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.



### 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 staffs and employees, and the determination of salary and other monetary matters, including compensation and other welfares.
3. Determine the salary rate and other remuneration, including expenses rate and facilities of the manager or equivalent for proposing to the Executive Committee for further approval.
4. Administer STA pursuant to the resolutions and policies of the Board of Directors of STA.
5. Propose significant matters to the Board of Directors of STA or the meeting of shareholders for further approval or other appropriate action.
6. Study the feasibility of new projects and consider and approve the projects as delegated by the Board of Directors of STA and the Executive Committee.
7. Perform other matters as delegated by the Board of Directors of STA and/or the Executive Committee from time to time.

However, the abovementioned approvals shall not be given in a way that may cause the Managing Director or his authorised 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 advice on and ensuring compliance with relevant laws and regulations which the Board is required to know and follow. The Company Secretary attends and documents all Board meetings and ensures Board procedures are followed. The appointment and removal of the Company Secretary is subject to the approval of the Board in the Securities and Exchange Act.

### Remuneration of Directors and Executive Officers

#### Financial Remuneration

##### (1) Directors' Fees

For the fiscal year ended 31 December 2014, STA paid the directors' fees to the Directors in the amount of Baht 6,177,600 for services rendered by them in forms of monetary remuneration. The details are as follows:

Name	Position	Amount of Directors' Fees (Baht)*
		Fiscal year ended 31 December 2014
1. Mr. Viyavood Sincharoenkul	Chairman	633,600
2. Mr. Prasit Panidkul	Director	475,200

Name	Position	Amount of Directors' Fees (Baht)*
		Fiscal year ended 31 December 2014
3. Mr. Chaiyos Sincharoenkul	Director	475,200
4. Mr. Kitichai Sincharoenkul	Director	475,200
5. Mr. Paul Sumade Lee	Director	475,200
6. Mr. Veerasith Sinchareonkul	Director	475,200
7. Mr. Patrawut Panitkul**	Director	316,800
8. Mr. Li Shiqiang**	Director	316,800
9. Mr. Prakob Visitkitjakarn	Chairman of Audit Committee	792,000
10. Mr. Kriang Yanyongdilok	Audit Committee Member	633,600
11. Mr. Samacha Potavorn	Audit Committee Member	633,600
12. Mr. Neo Ah Chap	Director	475,200

Note: \* The monetary remuneration for directors was for their services rendered as members of the Board Directors. The Company does not provide monetary remuneration for any membership of sub-committees.

\*\* Mr. Patrawut Panitkul and Mr. Li Shiqiang were elected as new members to STA Board of Directors in accordance with the resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.

## (2) Remuneration of the Directors and Executive Officers

For the fiscal year ended 31 December 2014, STA paid remuneration to the Executive Directors and Executive Officers, totaling 21 persons, in the amount of Baht 252,135,378 of which Baht 31,775,863 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<sup>(1)</sup> for year ended 31 December 2014, are as follows:

Name	Amount of Remuneration Paid by STA	Director's Fees (%)	Salary (%)	Bonuses (%)	Total (%)
1. Mr. Viyavood Sincharoenkul	Band Q	0.63	41.77	57.60	100
2. Mr. Prasit Panidkul	Band B	4.57	58.53	36.90	100
3. Mr. Chaiyos Sincharoenkul	Band C	3.79	40.67	55.54	100
4. Mr. Kitichai Sincharoenkul	Band B	3.88	64.82	31.30	100

Name	Amount of Remuneration Paid by STA	Director's Fees (%)	Salary (%)	Bonuses (%)	Total (%)
5. Mr. Paul Sumade Lee	Band H	0.97	22.52	76.51	100
6. Mr. Veerasith Sinchareonkul	Band A	16.53	62.60	20.87	100
7. Mr. Patrawut Panitkul	Band A	7.94	31.44	60.62	100
8. Mr. Li Shiqiang	Band C	2.40	51.71	45.89	100
9. Mr. Prakob Visitkitjakarn	Band A	100	-	-	100
10. Mr. Kriang Yanyongdilok	Band A	100	-	-	100
11. Mr. Samacha Potavorn	Band A	100	-	-	100
12. Mr. Neo Ah Chap	Band A	100	-	-	100
<b>Top Five Executive Officers</b>					
1. Mrs. Prapai Srisuttiiphong	Band B	-	32.43	67.57	100
2. Ms. Lim Li Ping	Band B	-	78.55	21.45	100
3. Mr. Rattapong Laparojkit	Band A	-	55.99	44.01	100
4. Mr. Udom Pruksanusak	Band A	-	69.69	30.31	100
5. Mr. Chalernpop Khanjan	Band A	-	70.51	29.49	100

Notes: <sup>(1)</sup> 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.

Remuneration bands are based on the average (Baht: SGD) foreign exchange rates for the stipulated year, being SGD 1 to Baht 25.7666.

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 for during the term of employment, in connection with the discharge of their duties to Group.

### 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 (“Profit Incentive”).

### Other Remunerations

In 2014, 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	21	2,569,788

### 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	29 April 2014
4. Mr. Kitichai Sincharoenkul	Director	10 April 1995	29 April 2014
5. Mr. Paul Sumade Lee	Director	28 June 2010	25 April 2013
6. Mr. Veerasith Sinchareonkul	Director	28 April 2010	25 April 2013
7. Mr. Prakob Visitkitjakarn	Independent Director	27 December 1993	27 April 2012
8. Mr. Kriang Yanyongdilok	Independent Director	25 January 2000	29 April 2014
9. Mr. Samacha Potavorn	Independent Director	1 February 2008	29 April 2014
10. Mr. Neo Ah Chap	Independent Director	28 June 2010	25 April 2013
11. Mr. Patrawut Panitkul	Director	29 April 2014	29 April 2014
12. Mr. Li Shiqiang	Director	29 April 2014	29 April 2014

# Corporate Governance

The Board of Directors of STA has conducted the business operation appropriately and effectively in accordance with its objectives by utilising 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 and policy of anti-corruption that are appropriate for current business environment are as follows:

### 1. Rights of Shareholders

STA always realises that the main factors for building shareholders' trust and confidence for investing in the business of STA are the application of policies and operation 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' meeting 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](http://www.sritranggroup.com) and the website of the SGX-ST at [www.sgx.com](http://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](http://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. The 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](http://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](mailto:corporatesecretary@sritranggroup.com)) or the Investor Relations Office (e-mail: [ir@sritranggroup.com](mailto:ir@sritranggroup.com) or telephone number: +662-207-4500).

### 3. Role of Stakeholders

STA fully realises 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 realises its responsibilities towards the above-mentioned stakeholders. STA 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 2014, the Board of Directors has reviewed and established the anti-corruption policy to prevent any type of corruptions in the business and disclosed 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 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 libraries 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 publicised through STA Intranet.

The Company has established the employee provident fund of which permanent employees are entitled to apply for with options 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 the termination of their employment except for cases where the terminations are not eligible to the compensations.

**Safety Information of Employees in 2014**

Details of work accident statistics in 2014 are as follows:

	Accident Statistics (Times)	Percentage*
No lost time accidents	56	0.86
Less than 3 days of lost time accidents	50	0.77

	Accident Statistics (Times)	Percentage*
More than 3 days of lost time accidents	79	1.22
Dismemberment for body parts	7	0.11
Disabled	0	0
Death	1	0.02

Note\*: Computed based on the number of the Company's weighted average number of employees for the year 2014 at 6,476.

**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, 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

minimise the impact on society, the environment and people's quality of life to the greatest possible extent. As such, STA supports activities in the neighboring communities around 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, 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](http://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 12 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 and 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 business 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 conflict of interests on the basis that any decision-making on business transactions must be made only for the best interests of STA, and that any act, which may cause a conflict of interests, should be avoided. It is required that a person involved in or having a conflict of interests in any agenda item to be discussed in a meeting shall report the relationship or conflict of interests 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 provide 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 and 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.

#### **(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 summarised 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 an excellent performance with an average score of 91.63% which improved from 2013.

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 90.44%.



## Dealings in Securities

STA has a policy and procedure to monitor its executives in relation to their use of insider information of STA and its subsidiaries for personal interests 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 and the SET, as the case may be, including the applicable penalty in the case of breach according to the SEC Act and the regulations of the SET.
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.
3. The Directors and executives of the Company, who know material insider 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 insider information has been disclosed to the public, no person involved with such insider information shall disclose any insider information to any person before such insider 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 insider 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 by 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 FY2014 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, authorisation 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 considers and approves 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.

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. Viyavood Sincharoenkul should continue to lead the Group as Chairman and MD. Dr. Viyavood 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 business 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 (2012 – 2014)	
	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
	Lease It PLC	Indepent Director and Audit Committee	Lease It Co., Ltd.	Director
			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. Prakob 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.

The remuneration of employees who are immediate family members of Directors for the year ended 31 December 2014 is as follows:

Name	Relationship	Remuneration Band <sup>(1)</sup>
1. Mrs. Promsuk Sincharoenkul	Spouse of Dr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company	Band IV
3. Mr. Vitchaphol Sincharoenkul	Son of Dr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company	Band I
3. Mr. Vithanath Sincharoenkul	Son of Dr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company	Band I
4. Mr. Lee Tristan Chee-Zen	Son of Mr. Lee Paul Sumade, Executive Director	Band I

Note:

<sup>(1)</sup> 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

## 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 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 many currencies. 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 derivative financial instruments which it enters into and the cash deposits which it places 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 2014, 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 minimise 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 allowing it to achieve maximum return on investment 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 operation 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. Prakob 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”.



**STA recognises the importance of its internal control system, risk management, and the monitoring of the business operation, which is a continuous process; and is the role and shared responsibilities of all our staff members ranking from the Executive Committee to each employee.**





# Internal Control and Risk Management



STA recognises the importance of its internal control system, risk management, and the monitoring of the business operation, which is a continuous process and is the role and shared responsibilities of all our staff members ranking from the Executive Committee to each employee.

The Company 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. The Company 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 internationally standardised 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 three 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 2014, 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 emphasises on 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 Company's goals throughout the organisation. Such control is continuously closely monitored.

### Risk Management:

The Board of Directors gives precedence to risk management system and its effectiveness. Therefore, in 2013, the Board of Directors of STA 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 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 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 rubber processing facility, 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. 1/2015, on 27 February 2015, which was attended by three 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 the Company 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 emphasised 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, 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. 1/2015, on 26 February 2015, 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 are dedicated to conduct business with good practices of corporate governance and Corporate Social Responsibility (CSR) and become a leader in global rubber industry. Moving towards our 3<sup>rd</sup> 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 NR industry. We value our way of conducting business in parallel with creating activities for communities and societies, maintaining our environmentally -friendly production, establishing a fair trade standards to gain trusts and acceptance from rubber farmers and customers, considering the impact on every aspect of business operations to all stakeholders including shareholders, employees, customers, suppliers, communities, and government agencies, as well as nurturing the socially-responsible mindset and organisational culture, which encourage our employees to actively participate in CSR activities.

The Board of Directors of Sri Trang has put CSR Policy and Guideline as our core mission and established 5 foundation principles of “GREEN” Natural Rubber which encompass our CSR Policy and Guideline;

## 1. Good Corporate Governance

The Company has been dedicated to good corporate governance practices focusing on the pertinent structure of the Board of Directors, management, and shareholders to create a competitive advantage with consideration to other stakeholders, society and community as a whole, which will build growth and create value to shareholders in the long run.

## 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. It is our top priority to ensure our rubber products are of the highest quality and cater the delicate requirements of the downstream products such as medical examination gloves or automotive tires, which demand for the highest level of safety for the end-users. Thus, our responsibilities through supply chain management cover;

### 2.1 Rubber farmers and rubber dealers

The Company strived for fair, transparent, accountable and auditable procurement of NR which is the main raw materials for our production. We have actively supported rubber farmers to produce high quality of rubber without contamination and to properly store the rubber so that the quality of raw materials will meet our standards. Moreover, we have provided rubber farmers with knowledge to properly operate rubber plantations in order to increase the yield which will, in return, increase their revenues as well as sustainable quality of lives.

### 2.2 Customers

The Company has been committed to producing high quality products and providing good services to achieve the highest satisfaction from our customers. We sincerely handle complaints from customers and promptly improve our productions and/or services to ensure customer satisfaction and also to create the highest production effectiveness and efficiency.

## 3. Environmental Friendly and Safety Operation

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

In addition to our environmental-friendly production and being aware that we are a part of the community, we have followed the practice guidelines to preserve and maintain the ecological environment and clean surrounding communities which will not only create pleasant community but also support the smoothness of our business operation in the long term.



In terms of health & safety, our Group has fully complied with laws, regulations and other relevant requirements. We have provided training, set up adequate and effective health & safety procedures in our workplaces, and created 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 processes of our business operation. We strongly adhere to operating business with fairness and ethics, complying with laws and respecting the rules of society. This would ultimately build the confidence of all stakeholders and reduce any potential conflict of interests which will benefit business operation of the Company in the long run. We have also encouraged all 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 the business operation. We also have a policy to prevent any kind of corruptions by establishing 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 are rooted from the awareness of every employee in any departments. They need to have positive attitudes to follow the policies and have mindset of being responsible to society and other related parties. Our people also volunteer to participate in the community development and the improvement of quality of life of our business partners. Moreover, they have cooperated to change their working behaviors and daily lifestyle in line with environmental protection guidelines, energy reduction program and enhancement of the operational effectiveness.

We have promoted and supported staffs to devote themselves for social activities, for example, to volunteer and participate in any activities for better community, alleviate natural disaster victims with ultimate hope to sustainably create a benevolent and careful society.

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.

From the abovementioned policy and concept, we have implemented the following to comply with our vision and mission of the Company.

##### Concerns on stakeholder

The Company has used different means to assess the expectations of each group of stakeholders, such as questionnaires, conferences, seminars, open houses, visits to business partners, communities, rubber suppliers, along with taking in complaints and opinions for improving our production and operation.

##### Relationships between business partners and competitors

The Company believes that honorable and fair business management would create confidence from stakeholders including, governmental agencies, shareholders, business partners, competitors, suppliers, customers and competitors. The Company has strictly upheld business ethics with full concerns of any business partners and competitors, so as to make sure that none of our activity would be harmful to the reputations of any parties in the industry.

When dealing with raw material suppliers, the Company has abided 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 our suppliers. However, to be the Company's suppliers, they must strictly follow the standards of operations specifying in the Company's agreement.

The Company believes that by providing knowledge and knowhow for suppliers and rubber farmers on how to efficiently carry out rubber farming, would create sustainable income and good quality of life for the people in the industry. The Company then have visited suppliers and rubber farmers on regular basis. Under this practice, we could educate farmers on qualified rubber plantation, quality enhancement and even inquire them about their satisfaction towards the Company.

In addition, the Company values sustainable business in conjunction with building business with our partners, especially raw material suppliers and taking care of communities. The Company has entered into an agreement with the Office of the Rubber Replanting Aid Fund (ORRAF) in creating a special programme to train rubber tappers in the Northeastern region of Thailand namely, “Rubber Tapper Skill Development Project”, with an aim to provide the proper approaches for rubber farmers in tapping rubber trees. The training also provided the rubber farmers with the knowledge about suitable rubber fertilisers and how to look after the rubber plantation to nurture the best quality of product to maximise the useful life of rubber plantation, while being able to use their newly learnt skills to carry out as an occupation for stable income to enhance their quality of lives eventually.

The Company’s central purchasing unit has set up purchasing and procurement policies to be in line with social responsibility. This 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 promote new suppliers and prevent unfair business competitions, monopolisation in the industry. The Company has also set up screening rules to deal business with qualified partners who also value and strictly uphold social responsibility, such as, Green procurement scheme, our preference towards vendors who can provide energy saving tools and equipment, support business/practices that are environmental friendly, have the anti-child-abuse, anti-forced-labors and human rights promotion campaigns.

### Clients, Customers and Consumers Responsibilities

The Sales and Marketing department 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,

at the right prices. This department has also provided complete and correct information about any single product, delivered the products on schedule, provided product guarantees, as well as provided communication channels to customers for any complaints about products and services. Moreover, we have kept customers’ information private and secured. We have also organised factory visit for customers to make sure that they have full understanding about our operations and products, while also established an evaluation system for customers to provide their feedbacks for our instant response.

The Company has been complying with the ISO9001 system for product quality, as well as having our own quality control system to ensure that all of our products are fully certified and meet the international standards, along with meeting the expectations of customer, starting from purchasing, production and quality inspections as a last step. If a customer had filed a complaint about the Company’s products, the Marketing and Quality Control units would carefully and diligently handle the complaint in accordance with the Company’s procedures. Both units would work out the cause and possible future prevention to be in line with the guidelines, so as to be able to respond to customers’ needs as quickly as possible, while also gather the problems and complaints for further development.

### Communications

The Company has provided corporate information and communication channel through its website, at [www.sritranggroup.com](http://www.sritranggroup.com) and has provided a Call Center at +66-2207-4500, for the clients, partners, the public, and Company’s stakeholder to be able to conveniently contact the Company and be treated equitably. The communication channels would also allow anyone to inquire about the Company’s products, making complaints and requests for any other information.

### Human Rights and Employee Rights

The Company value the importance of human rights and equality in the workplace 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, annual bonuses, and basic

welfares for their quality of lives, such as, uniforms, housing welfare, travelling allowances, health and safety insurances, provident fund, pensions, disaster relieve fund, taking leave to pursue higher study, as well as trainings for career development, recreation activities, including, sports day and New Year's party.

The Company has an evaluation committee to review employees' performances. The Company has also used the standard Key Performance Index (KPI) system to evaluate each employee for rewards and bonuses.

The Company values the importance of staff developments. All staffs have been provided trainings and seminars to improve their skills and knowledge. Apart from gaining technical knowledge, the Company also urges the employees to pursue their jobs with honesty and avoid any kind of conflict of interests against the Company. Moreover, the Company has organised several recreational courses concerning the peaceful mind and meditation, in order to groom our staffs to be excellent citizen for the better society.

Furthermore, the Company also organised trainings and work trips abroad to build up the employees' experiences and new knowledge for their jobs.

## Environmental Management

The Company has been adopting the environmental management system for very long time, especially in TSR plants that involves with higher environmental risks. The aim of the Company is to earn an ISO14001 certification within a year after the plants' establishment and after the plant has been certified with ISO9001. In 2014, there were 7 companies in our Group that have been certified for the ISO14001:2004.

## Water Pollution Management

The Company has provided waste water treatment system in the production. Every month, we regularly inspect our effluent water, the water released into the environment, to ensure that it meets the effluent standard stated by law. Furthermore, we have been developing the activated sludge system in the Northeastern part of Thailand, that has provided us 100% recyclable clean water, to reduce the input of natural water from outside sources into the plant that might cause other environmental impact to our neighbors. Our rubber factories have adopted close activated

sludge systems, where there is no effluent released into nearby public water streams. From this treatment, we also indirectly gain nitrogen, which can be used as plants fertiliser.

## Air Pollution Management

The Company has installed different types of air pollution control system to fit in different types of production. Odor of raw material cup lump in STR factory has been mitigated by the use of wood vinegar. TSR factories have installed odor emission control system in the processing lines of blocked rubber and rubber compound. The factories have also used boilers with a multi-cyclone system to clean the air before the emission. Our odor quality has passed all standards of air/odor quality stated by law.

## Waste Management

The Company has installed 3R system (Reduce Reuse Recycle) to manage the different types of wastes from our production. We have also developed workflow to lower the amount of wastes as much as possible. This is to ensure that we have effectively maximised the use of natural resources and minimise the amount of wastes by setting up waste management as a-must procedure. On monthly basis, the Company also collects data from every factory and conducts surprise checks of the 5S' on annual assessment basis.

## 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 other alternative energy such as using biomass in boilers to bake rubber instead of diesel, which is in return, lower the use of LPG.

## Climate Change

The Company has joined the Carbon Footprint of Products projects, which include, RSS, TSR, and Concentrated Latex, to calculate the amount of carbon dioxide emitted from the production and delivery processes, which would lead to a reduction of carbon dioxide emissions in the future. In 2013, there were 3 products from our 5 subsidiaries that earned carbon footprint labels, i.e. B to B (Business to Business) certified by the Thailand Greenhouse Gas Management Organisation (Public Organisation). In 2014, Anvar Parawood has also earned the carbon footprint label for its wooden pallet used as TSR containers.

## Environmental Community and Society Development

The Company realises that to have a sustainable business operation, we must sincerely contribute and participate in environmental and social activities. In 2014 the Company was involved in the following campaigns:

- **The Company conducted a campaign for clean and odorless cup lump delivery which was launched on the 1<sup>st</sup> purchasing day of our Sakaeo and Kalasin factories in 2014. We distributed our own leaflets and awarded the qualified cup lump suppliers in order to promote the clean cup lump delivery for environmental protection and safety road transportation.**

- **“Green Growth” Project**

Sri Trang Agro-Industry, Ubon Ratchathani branch planted trees to increase green areas in the factory on National Mother Day 2014.



Rubberland Products, Buriram branch cooperated with Subdistrict Administrative Organization of Kog Ma in planting trees on National Mother Day 2014.



Sri Trang Agro-Industry, Kanchanadit branch cooperated with local students to plant and restore mangrove forests.



- **“From Our Hearts to Your Better Tomorrow” Project**

Rubberland Products, Bung Karn branch’s staffs and local neighbors restored and fixed Tung Sawang Samakkee nursery’s fence and gate by using our unused materials for children’s safety.



Sri Trang Agro-Industry, Hat Yai branch created wooden trays for mushroom, cultivation repainted the school buildings and provided learning tools to students at Muang Kong school by using unused materials from the factory.





Community clean-up: Sri Trang Agro-Industry, Udon Thani, Kanchanadit branches and Num Hua Rubber cleaned up roads, temples, schools, recreation areas in the communities. Not only building up harmonization among our staffs but also creating positive perceptions of the communities towards our factories.



Rubberland Products, Bung Karn washed and cleaned up roads to reduce effects from the cup lump delivery for safety transportation.



- **“Bring Knowledge to Community” Project**

Sri Trang Agro-Industry, Tung Song branch arranged seminars in regard of using dredges from cup lump cleaning process as fertiliser for agricultural purposes.



Sri Trang Agro-Industry, Udon Thani branch cooperated with Land Development Department to test the dredges from cup lump cleaning process from Nakam Subdistrict. The demonstrated farm showed the positive results evidenced by satisfied growth rate of rice and the reduction in use of organic fertilisers.



- Sri Trang Agro-Industry, Hat Yai branch provided knowledge of planting mushroom for lunch at Muang Kong school.



- Rubberland Products, Mukdaharn branch repaired and developed the tap water system for the villagers.
- Sri Trang Agro-Industry, Sikao branch cooperated with community in planting of organic vegetable farms.



- Sri Trang Agro-Industry, Trang, Sikao and Huay Nang branches provided bookshelves built from unused materials in the factories to schools in Trang.



- Sri Trang Agro-Industry, Tung Song branch cooperated with Tum Yai Subdistrict Office to construct bus stop in front of the factory for public use.
- Organised and arranged activities in all communities on Children day and New Year Celebrations.



- Sri Trang Agro-Industry, Pattani branch donated cash and drinking water to Ban Kao Tum mosque, Yarang, Pattani.



- Sri Trang Rubber and Plantation, Sakon Nakorn and Sri Trang Agro-Industry, Hat Yai branch arranged rubber planting training courses for students at Dan Chu Tid Wittaya Police school, Nakorn Panom.



- Rubberland Products shared the water in factory's pond to neighboring villagers for their agriculture in draught season.



Full report of Corporate Social Responsibility 2014 can be downloaded from [www.sritranggroup.com](http://www.sritranggroup.com) under sustainability section.



# Capital Structure



## Information on Share Capital and Shareholding of STA

As of 12 March 2015

### 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
Markets for Listed Shares	: The Stock Exchange of Thailand and The Singapore Exchange

## Distribution of Shareholdings

As of 12 March 2015

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 999	1,402	10.11	496,742	0.04
1,000 – 10,000	8,305	59.89	36,739,013	2.87
10,001 – 1,000,000	4,061	29.29	251,606,316	19.66
1,000,001 – 10,000,000	84	0.61	300,840,111	23.50
10,000,001 – Less than 5% of paid-up share capital	12	0.09	286,008,888	22.34
More than 5% of paid-up share capital	2	0.01	404,308,930	31.59
<b>Total</b>	<b>13,866</b>	<b>100</b>	<b>1,280,000,000</b>	<b>100</b>

Note: Includes shareholders holding through CDP

## Public Float

Based on information available to the Company, approximately 54.41% of the Company's shares are held in the hands of the public as of 12 March 2015.

## Top Ten Largest Shareholders of STA

Top twenty largest shareholders of STA as of 12 March 2015, are as follows:

	Name	No. of Shares	%
1.	STH	270,509,760	21.13
2.	Dr. Viyavood Sincharoenkul	135,590,170	10.59
3.	Mr. Aram Sirisuwat	45,335,800	3.54
4	Thai NVDR Co., Ltd	45,263,973	3.54
5.	CITIBANK NOMS S'PORE PTE LTD	37,558,250	2.93
6.	Mr. Vithanath Sinchareonkul	22,600,000	1.77
7.	Mr. Veerasith Sincharoenkul	22,441,000	1.75
8.	Mr. Vitchaphol Sincharoenkul	22,000,000	1.72
9.	CITIGROUP GLOBAL MARKETS LIMITED-PB CLIENT-NRBS COLLATERAL	21,726,050	1.70
10	UOB KAY HIAN PRIVATE LIMITED	18,615,075	1.45
	<b>Total</b>	<b>641,640,078</b>	<b>50.12</b>

Note: Information obtained from TSD and CDP



### Interest of Directors and Executives

As of 31 December 2014, 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 2014	Number of Shares on 31 December 2014	Increase (decrease) during Year of 2014	Percentage of Shares on 31 December 2014
Mr. Viyavood Sincharoenkul Spouse and minor child.	Chairman and Managing Director	170,075,270 8,850,000	135,590,170 9,000,000	(34,485,100) 150,000	10.59 0.70
Mr. Prasit Panidkul Spouse and minor child	Vice Chairman	7,815,575 -	7,815,575 -	- -	0.61 -
Mr. Chaiyos Sincharoenkul Spouse and minor child	Director	7,410,825 4,300,000	7,410,825 4,300,000	- -	0.58 0.34
Mr. Kitichai Sincharoenkul Spouse and minor child	Director	14,402,000 3,246,500	14,402,000 3,246,500	- -	1.13 0.25
Mr. Paul Sumade Lee Spouse and minor child	Director	8,906,955 27,095,075	8,906,955 27,213,075	- 118,000	0.70 2.13
Mr. Patrawut Panitkul Spouse and minor child	Director	- -	- -	- -	- -
Mr. Li Shiqiang Spouse and minor child	Director	933,000* -	933,000 -	- -	0.07 -
Mr. Veerasith Sinchareonkul	Director	22,441,000	22,441,000	-	1.75
Mr. Prakob Visitkitjakarn Spouse and minor child	Independent Director/ Chairman of Audit Committee	450,060 17,940	450,060 17,940	- -	0.04 0.0014
Mr. Kiang Yanyongdilok Spouse and minor child	Independent Director/ Audit Committee Member	- -	- -	- -	- -

Name	Position	Number of Shares on 1 January 2014	Number of Shares on 31 December 2014	Increase (decrease) during Year of 2014	Percentage of Shares on 31 December 2014
Mr. Samacha Potavorn Spouse and minor child	Independent Director/ Audit Committee Member	- -	- -	- -	- -
Mr. Neo Ah Chap Spouse and minor child	Independent Director	1,100,000 -	1,100,000 -	- -	0.09 -
Mrs. Prapai Srisutipong Spouse and minor child	Procurement Manager	260,500 -	260,500 -	- -	0.02 -
Mr. Chalernpop Khanjan Spouse and minor child	Production Manager	- -	- -	- -	- -
Mr. Arsom Aksornnam Spouse and minor child	Production Manager	- 3,500	- 3,500	- -	- 0.0003
Mr. Chaidej Pruksanusak Spouse and minor child	Quality Assurance Manager	- -	- -	- -	- -
Ms. Lim Li Ping	Controller	150,000 -	150,000 -	- -	0.01 -
Mr. Rattapong Laparojkit Spouse and minor child	Engineering Manager	55,500	60,500	5,000	0.0047
Mr. Phanlert Wangsupradilog Spouse and minor child	Engineering Manager	- -	- -	- -	- -
Mr. Udom Pruksanusak Spouse and minor child	Human Resources Manager	10,000	10,000	-	0.0008
Ms. Nuchanart Chaiyarat	Human Resources Manager	-	-	-	-

Notes: \* Data as of 29 April 2014 which was the date Mr. Li Shiqiang was elected as a new member to STA Board of Directors in accordance with the Resolution of the 2014 Annual General Meeting

- (1) Dr. Viyavood Sincharoenkul is deemed interested in the 9,000,000 shares held by his wife.
- (2) Mr. Chaiyos Sincharoenkul is deemed to be interested in the 4,300,000 shares held by his wife.
- (3) Mr. Kitichai Sincharoenkul is deemed to be interested in the 3,246,500 shares held by his wife.
- (4) Mr. Paul Sumade Lee is deemed to be interested in the 27,213,075 shares held by his wife.
- (5) Mr. Prakob Visitkitjakarn is deemed to be interested in the 17,940 shares held by his wife.
- (6) Mr. Neo Ah Chap is deemed interested in 1,100,000 shares held through Thai NVDR Co., Ltd.

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

## 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
<b>Debenture Name</b>	Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2011 due in 2014	Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2011 due in 2016
<b>Type of Debentures</b>	Unsubordinated and unsecured debentures with a debenture holders' representative	Unsubordinated and unsecured debentures with a debenture holders' representative
<b>Principal amount of Debentures</b>	Baht 1,600,000,000	Baht 550,000,000
<b>Interest rate</b>	Fixed interest rate at 4.4% per annum	Fixed interest rate at 4.7% per annum
<b>Interest Payable</b>	Semi-annually	Semi-annually
<b>Term</b>	3 Years	5 Years
<b>Maturity Date</b>	1 December 2014	1 December 2016

Notes: \* In 2014, STA has fully repaid the holder of Tranche 1 of the debenture according to the maturity date.

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



# Dividend Policy

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## 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 for unsubordinated and unsecured debentures at "A-" with "Stable" outlook, reflecting the Company's leading position in the natural rubber (NR) industry, diversified customer base, healthy balance sheet, plus the extensive track record of its management team, despite partially offset by the cyclical nature of NR prices, the narrow profit margins of mid-stream NR producer, and the current oversupply in the NR industry.

The "stable" outlook reflects the expectation that STA will sustain its competitive position in the NR industry. The company is also expected to manage liquidity and maintain its healthy balance sheet to maintain its competitiveness in the NR business.

Company/ Debenture	Issued Date	Issued Rating/ Outlook
Sri Trang Agro-Industry PLC. (STA)	22 Dec 2014	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 raised to the gross proceeds amounting to SGD 336 million from the initial public offering of its shares on the Singapore Exchange Securities Trading Limited in January 2011.

As at 31 December 2014, the status on the use of proceeds raised from the initial public offering is as follows:

Objectives	Allocation (SGD million)	Approximate accumulated actual utilisation (SGD million) <sup>(1)</sup>	Approximate amount yet to be utilised (approximately) (SGD million) <sup>(1)</sup>
Acquisition and/or construction of new and expansion of existing rubber processing facilities	204.75	204.75	-
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 <sup>(2)</sup>
<b>Total</b>	<b>336.00</b>	<b>334.50</b>	<b>1.50</b>

Notes: <sup>(1)</sup> Based on a foreign exchange rate SGD 1 to Baht 24.6644

<sup>(2)</sup> There will be no further use on the remaining amount as it was initially provisioned as part of "Listing expenses" of which the Company has settled in full with all parties

The utilisation is in accordance with the intended use of proceeds of the initial public offering and in accordance with the percentage allocated, as stated in the prospectus of the Company, which was registered by the Monetary Authority of Singapore on 20 January 2011. As of 31 December 2014, the Company has fully and completely utilised the proceeds of the initial public offering in accordance with the intended use stated in the prospectus.



# Related Party Transactions and Interested Person Transactions



The related party transactions 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 haft year ended 31 December 2014 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
			Consolidate Jan-Dec 2013	Consolidate Jan-Dec 2014		
1. Prukse Rubber Co.,Ltd.	The Executives officer of STA, Mr. Udom Pruksanusak and siblings, hold more than 50% of the shares in Prukse Rubber Co.,Ltd. Mr. Udom Pruksanusak is the authorised signatory of Prukse Rubber Co.,Ltd.	<b>1.1 STA</b> - Sales of field latex	3.96	2.74	STA sold field latex to Prukse Rubber Co., Ltd. because STA did not have in-house logistic service team, and Prukse Rubber Co., Ltd. purchased the field latex right at STA's rubber plantation. This provided administrative, distribution and labor cost savings to STA. The selling price of field latex was the price set by STA procurement team on a daily basis.	Since STA's total plantation areas ready for tapping was still small, it was an appropriate effort to manage STA logistic and administrative costs by selling field latex to Prukse Rubber Co., Ltd. at the price set by STA procurement team.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit committee
			Consolidate Jan-Dec 2013	Consolidate Jan-Dec 2014		
		<b>1.2 Nam Hua Rubber</b>  - Purchase of field latex	114.27	75.48	<p>Nam Hua Rubber purchased field latex from Prukha Rubber Co., Ltd. because the rubber plantations of Prukha Rubber Co., Ltd. were located close to the factory and the purchasing center of Nam Hua Rubber. Moreover, Prukha Rubber Co., Ltd. was capable to supply 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 suppliers in front of its factory.</p>	<p>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.</p>

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity/ Reasonableness of the Transaction	Opinion(s) of the Audit committee
			Consolidate Jan-Dec 2013	Consolidate Jan-Dec 2014		
		<b>1.3 Sadao P.S. Rubber</b> - Purchase of unsmoked sheet rubber	7.06	4.04	Sadao P.S. Rubber purchased unsmoked sheet rubber from Pruksa Rubber Co., Ltd., a dealer who bought unsmoked sheet rubber from the farmers and resold to factories located in the Sadao District which was close to Sadao P.S. factory. Moreover, Pruksa Rubber was capable to supply unsmoked sheet rubber of 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 suppliers in front of its factory.	Sadao P.S. Rubber required unsmoked sheet rubber as the raw material for the production of ribbed smoked sheet (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
			Consolidate Jan-Dec 2013	Consolidate Jan-Dec 2014		
		<b>1.4 Startex Rubber</b> - Sales of field latex	1.26	0.77	Startex Rubber sold field latex to Prukso Rubber Co., Ltd. The selling price was based on the general market price.	The selling price that Startex Rubber sold field latex to Prukso Rubber Co., Ltd. was based on the general market price similar to other customers.
<b>2. Mr. Somwang Sincharoenkul</b>	Father of: <ul style="list-style-type: none"> <li>• Mr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company;</li> <li>• Mr. Kitichai Sincharoenkul, Director of the Company; and</li> <li>• Mr. Paul Sumade Lee, Director of the Company</li> </ul>	Honorary Adviser	4.80	5.02	Mr. Somwang Sincharoenkul has engaged as Honorary Adviser for the Company and advised the Company on goal & vision, business plans, investment plans, operational policy, raw material supply strategies, procurement, and engagement strategy with communities, local authorities and government agencies. The remuneration was Baht 428,000 per month or Baht 5,136,000 per year for 2 years period starting from May 2014 to May 2016.	There was no comparable basis available in the market for such invaluable advice Mr. Somwang Sincharoenkul provided for the Company. Nevertheless, the remuneration was considered appropriate considering the extensive experience, expertise and time Mr. Somwang Sincharoenkul has contributed to the Company as the Honorary Adviser.
<b>3. The Board of Director of STA and subsidiaries consists of:</b> <ul style="list-style-type: none"> <li>• Mr. Viyavood Sincharoenkul</li> <li>• Mr. Kitichai Sincharoenkul</li> <li>• Mr. Prasit Panidkul</li> <li>• Mr. Chiyos Sincharoenkul</li> </ul>	Directors of STA and the subsidiaries	Personal guarantees have been provided on the loans that have been extended to STA and subsidiaries by financial institutions.	715.00	1,235.00	Directors of STA and its subsidiaries provided personal guarantees for the loans extended to STA and its subsidiaries by financial institutions as part of loans' requirements.	Such support complied with the requirements set out in the sponsor support agreement and was made for the benefit of STA and its subsidiaries. The directors acting as guarantors did not charge any fee for providing the personal guarantee.



**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.**



# 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 level of natural rubber could create supply surplus 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 respective exporting countries;

- **Speculation**

As natural rubber and certain of the Natural Rubber Products 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 THB 45.0 billion to the state-run Rubber Estate Organisation 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. Recently in December 2014, Thai government approved THB 20.0 billion price intervention plan through the rubber fund scheme. The plan was an attempt to mitigate the falling natural rubber price by buying ribbed smoked sheet rubbers (RSS) through auction markets countrywide at higher-than-market price. As a result, the local RSS price increased; whereas the global market price did not move in the same magnitude. This could create a negative impact on the costs structure and profitability of Thai natural rubber exporters.

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 the 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 tire 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 significantly dependent upon the tire manufacturing industry. Our customers include tire manufacturers in the emerging markets such as the PRC and India and leading global tire manufacturers. The majority of our sales of Natural Rubber Products are made to tire manufacturers. If the level of activity in the tire 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 82% of our total revenues are 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 staffs.**

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 staffs, 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.**

Natural rubber business requires a significant amount of cash to operate, 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 from our joint venture entity, Thai Tech Rubber, from time to time, to meet customers' demand and also on 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, logistic services and other facilities to keep pace with competitive developments, technological advancement 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 2014, we had cash and cash equivalents of approximately Baht 2,131.6 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 maintain sufficient cash, generate sufficient revenue from our operations, or obtain or secure sufficient borrowings, 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 2014, we have an aggregate of Baht 12,462.1 million in short and long term bank loans with the respective proportion of 76.6% and 23.4% to the total bank loans, with interest rates ranging from 1.0% to 13.7% 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 operational results.



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

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 entities. Such disruptions would have an adverse effect on our operations and those of our associates and joint venture entities 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 entities which may in turn affect our Company's cashflow**

Our Company is dependent on distributions from our principal operating subsidiaries, associates and joint venture entities 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 entities based on our ownership interest. However, should revenues or operating performance of our principal operating subsidiaries, associates and joint venture entity be decreased, the rate and value of the dividends from such principal operating subsidiaries, associates and joint venture entities could decline. Consequently, our Company's cashflow 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, operational results 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 96.4% of our Group's revenue for the financial year ended 31 December 2014. There are a variety of synthetic rubbers 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, increasing natural rubber price compared to synthetic rubber, 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. This may result in the decrease in demand for Natural Rubber Products, which may have a material adverse effect on our business, financial condition and operational results.

**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 joint ventures entities will be liable to the applicable taxes at the prevailing rates. This will subsequently have 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 and investments in countries such as Thailand, Singapore, USA, Indonesia, and the PRC, each of which contributed 67.7%, 23.5%, 4.2%, 3.6% and 1.0% of total revenues, respectively. Accordingly, we are subject to the risks associated with our business activities in these countries. Our business, financial condition, operational results 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

2014 was another challenging year for natural rubber (NR) industry given to the extension of global economy slowdown, the slowest growth of Chinese economy in the past 15 years, the oversupply and overstock situation, rubber price intervention and the appreciation of US dollars. With our robust business model, we were able to navigate through the challenges despite the market downturn. We have made another industry record in sales volume with 1.2 million tons sold in 2014, 6.9% increase from 2013. Our strategy in aggressive expansion of customer base for domestic and high growth markets provided us a counterbalance for Chinese economy slowdown and maintained our leading position in NR industry with 10% global market share. Although our sales volume increased, the significant drop in global NR price for 23.9% had brought our revenue down by 18.1% from 2013.

The decrease in net profit margin was driven primarily by narrower gross profit margin resulted from the pressure from falling NR price, lower other income and an increase in administrative expenses despite partially offset by larger gains from rubber futures, higher profit sharing from our joint ventures and lower finance costs.

## Income Statement Overview

Unit: Baht million

	FY 2014	FY 2013	% YoY
<b>Revenue from sale of goods and services</b>	<b>75,529.9</b>	<b>92,185.2</b>	<b>-18.1%</b>
Cost of sales and services (net)	(72,181.6)	(86,986.7)	-17.0%
<b>Gross profit</b>	<b>3,348.3</b>	<b>5,198.5</b>	<b>-35.6%</b>
SG&A	(3,820.4)	(3,589.2)	6.4%
Other income	121.1	260.0	-53.4%
Gains/(Losses) on exchange rate	371.1	312.5	18.8%
Other gains/(losses) (net)	1,134.8	338.6	235.1%
<b>Operating profit</b>	<b>1,155.0</b>	<b>2,520.4</b>	<b>-54.2%</b>

## Income Statement Overview (Cont'd)

Unit: Baht million

	FY 2014	FY 2013	% YoY
Share of profit from investments in associates and joint ventures	535.1	495.6	8.0%
<b>EBITDA</b>	<b>2,567.5</b>	<b>3,747.0</b>	<b>-31.5%</b>
<b>EBIT</b>	<b>1,690.1</b>	<b>3,016.0</b>	<b>-44.0%</b>
Finance costs (net)	(613.7)	(1,029.3)	-40.4%
Income tax	(40.1)	(149.6)	-73.2%
<b>Net Profit for the period</b>	<b>1,036.2</b>	<b>1,837.1</b>	<b>-43.6%</b>
Attributed to owners of the parent	1,037.8	1,820.2	-43.0%
Attributed to non-controlling interests	(1.5)	16.9	-109.0%

In 2014, our total revenue was Baht 75,529.9 million, decreased by 18.1% YoY despite the 6.9% growth in sales volume. This was due to 23.9% lower average selling price compared to 2013, a direct impact from the falling global NR price factored by Chinese economy slowdown, the continuance of supply surplus, a plunge in crude oil price and an appreciation of US Dollars.

Amidst slower-than-expected recovery of global economy and other unfavourable external factors, our 2014 sales volume broke a new industry record again at 1,204,342 tons. This represented a 6.9% increase YoY which outperformed the global NR consumption growth forecasted by IRSG at 5.3%. Domestic was the key market contributing volume growth by 44,597 tons, 28.1% increase YoY due to our aggressive strategy to further penetrate into domestic market. Korea, China, Malaysia, and Europe also contributed to our 2014 sales volume growth YoY by 49.7%, 2.6%, 205.0% and 4.0% respectively. The increase was partially offset by the decline in sales volume in USA and Japan by 10.5% and 5.4% respectively.

Gross profit was recorded at Baht 3,348.3 million, down 35.6%. The gross profit margin marginally shrank from 5.6% in 2013 to 4.4% caused primarily by pent-up demand pressure from customers and price intervention due to the downward momentum of NR price. Assuming the inventory allowance of Baht 74.5 million was not made in 2014 but including realised foreign exchange gain of Baht 103.9 million and rubber futures gain of Baht 1,115.2 million from our hedging activities, our adjusted gross profit margin in 2014 would have been 6.1% slightly lower than 2013 of 6.6%. The decline in adjusted gross profit margin was a reflection of industry downturn momentum.

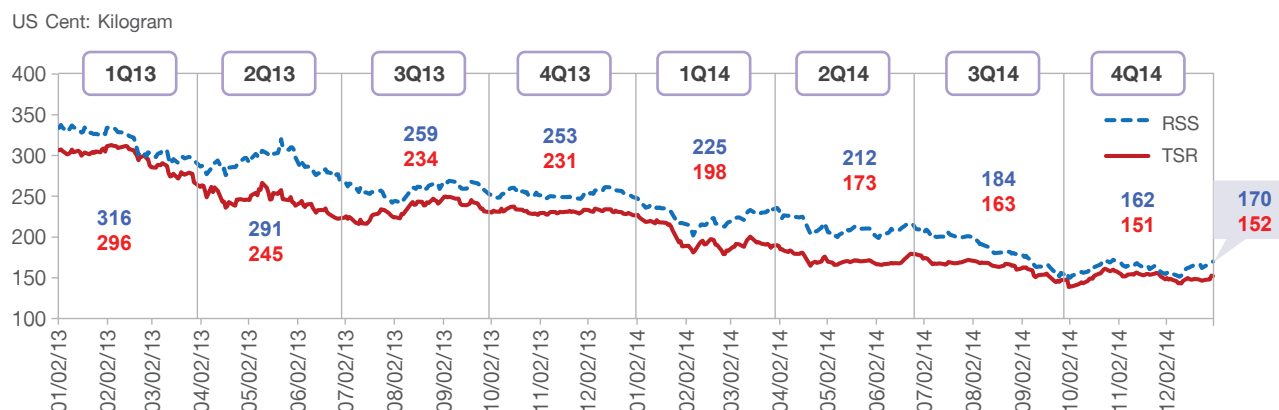
Operating profit in 2014 amounted to Baht 1,155.0 million, down by 54.2% YoY. The operating profit margin correspondingly lowered down to 1.5% from 2.7% in 2013 due principally to lower gross profit margin, higher administrative expenses, higher salary from an increase in operational headcounts, and the absence of insurance claim for marine shipping accident in 2013. These were partially offset by lower selling expenses and gain from hedging activities with financial derivative instruments for rubber and foreign exchanges.

Net profit was Baht 1,037.8 million in 2014 compared to Baht 1,820.2 million last year. Net profit margin was 1.4% declined from 2.0% in 2013. Despite being offset by higher profit sharing from our joint venture in downstream businesses, lower finance costs and lower tax expense, our net profit was outweighed by the unfavorable movement of NR price and demand appetite.



## Key Factors Affecting the Group's Operation

### 1. Price and Volatility of Natural Rubber



*Daily Price Movement of TSR20 and RSS3 at SICOM*

Price and volatility of natural rubber directly affect our revenues and profitability. NR price continued to move in downward momentum since 2012, which was mainly due to the slow recovery of world economy, especially the slowdown of Chinese economy, ongoing supply surplus and sharp fall in crude oil price. The impact from Thai government price intervention at the end of the year was still limited to local market prices, while the global market price did not move in tandem with.

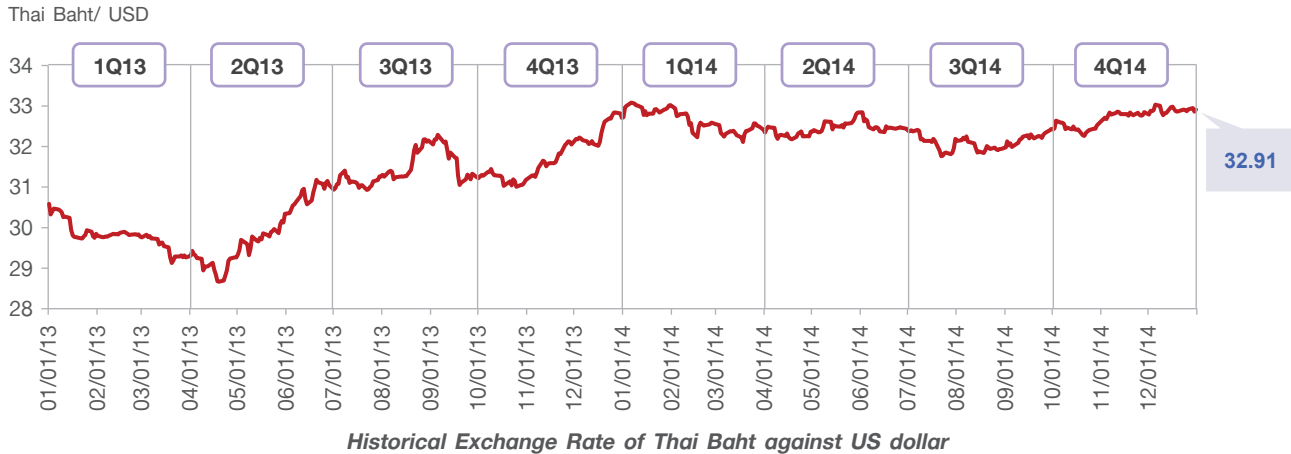
The NR price are affected by a number of factors including 1) world economic conditions which directly affected automobile and tire industry, 2) the magnitude of demand & supply of NR, 3) exchange rate fluctuation especially US dollar, Japanese Yen, and natural rubber exporting currencies such as Thai 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 2013-2014

Thai Baht / USD

(Unit: US dollar per ton)	RSS3			TSR20		
	2013	2014	%Change	2013	2014	%Change
<b>Q1 Average</b>	3,156	2,253	-28.6%	2,958	1,981	-33.0%
<b>Q2 Average</b>	2,906	2,119	-27.1%	2,449	1,728	-29.4%
<b>Q3 Average</b>	2,590	1,838	-29.1%	2,344	1,629	-30.5%
<b>Q4 Average</b>	2,528	1,619	-36.0%	2,311	1,506	-34.8%
<b>Year Average</b>	<b>2,790</b>	<b>1,954</b>	<b>-30.0%</b>	<b>2,510</b>	<b>1,710</b>	<b>-31.9%</b>
<b>Closing price as at 31 December</b>	2,485	1,700		2,265	1,522	

## 2. Foreign Exchange Rate



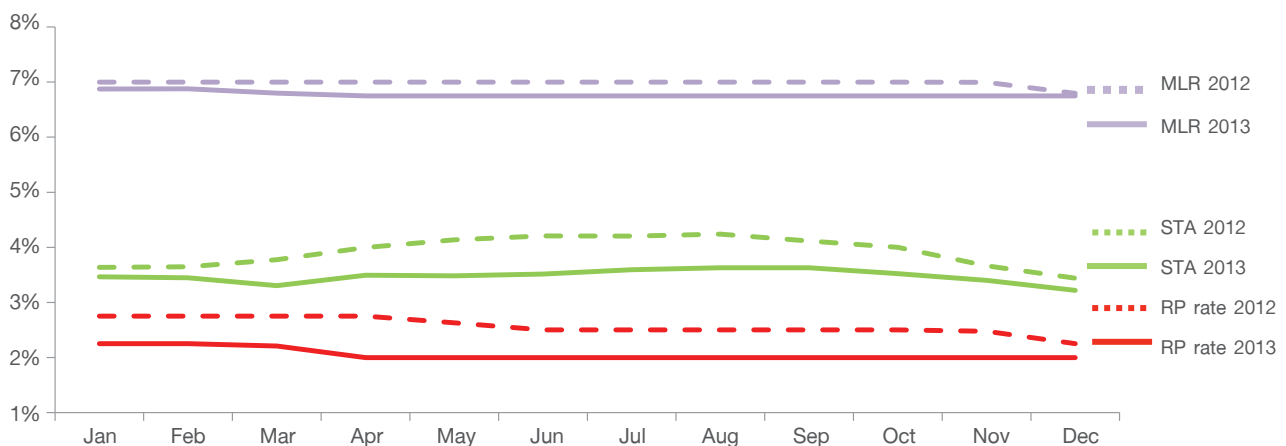
The fluctuations between Thai baht and US Dollars could directly affect our revenues since approximately 82% of our total revenues are denominated in US Dollars while our financial reporting currency is in Thai Baht. In order to mitigate this risk, the Group, therefore, uses forward and options of foreign 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.

In 2014, US Dollars continued to appreciate reflecting the improvement of US economy. Such movement unfavourably translated into lower NR prices which are generally denominated in USD. Under this currency trend, we have substantially lowered the use of currency derivative instruments and allowed our currency conversion to benefit from the appreciation of US Dollars. At the end of 2014, when marked-to-market, our gains on foreign exchange slightly increased from Baht 312.5 million in 2013 to Baht 371.1 million in 2014.

## 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 2014, finance costs dropped by 38.3% YoY to Baht 663.4 million due mainly to the lower NR price, lower unrealised loss on exchange rate of US Dollars denominated loans and lower effective interest rate from the higher proportion of US Dollar loans in relation to Indonesia Rupiah loans.

Graph below exhibited our average interest rates during 2013-2014, 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 2014, the Group received share of profit from investments in affiliates and joint venture companies in total of Baht 535.1 million of which 86.7% contributed by gloves business and 30.8% by high pressure hydraulic hoses business. Share of profit from investment in affiliates and joint ventures increased by 8.0% compared to the previous year due mainly to the increase in net profit of gloves and hydraulic hoses businesses.

#### 5. Government Policy

The policy of the Thai Government may benefit or have an adverse impact to the Group's operation. For example, the 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 late of 2013. Recently in December 2014, Thai government approved THB 20.0 billion price intervention plan through the rubber fund scheme to buying ribbed smoked sheet rubbers (RSS) through auction markets countrywide at higher-than-market price. As a result, the local RSS price increased; whereas the global market price did not move in the same magnitude.

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

The reinstatement of US tariff for Chinese tires in mid of 2014 had adversely impacted the Chinese tire manufacturers. This, in return, has changed the geographical sales of the NR producers whereas the total global demand would be unaffected. With our strategy to expand customer base in domestic and high growth market, we were able to counterbalance for Chinese demand slowdown and maintain our sales volume and our 10% global market share.

### Business Segmentation Analysis

#### Revenue breakdown by product segment (Baht million)

	FY 2013	FY 2014	% YoY
<b>RSS</b>	<b>12,845.5</b>	<b>9,818.5</b>	<b>-23.6%</b>
%	13.9%	13.0%	
<b>TSR</b>	<b>70,773.7</b>	<b>57,512.4</b>	<b>-18.7%</b>
%	76.8%	76.1%	
<b>LTX</b>	<b>6,047.4</b>	<b>5,631.5</b>	<b>-6.9%</b>
%	6.6%	7.5%	
<b>Other*</b>	<b>2,518.5</b>	<b>2,567.5</b>	<b>3.9%</b>
%	2.7%	3.4%	
<b>Total</b>	<b>92,185.2</b>	<b>75,529.9</b>	<b>-18.1%</b>

Note: \* 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 18.7% YoY due mainly to a decrease in average selling price of 24.6%, despite offset by the increase in sale volume of 7.7% YoY. Thanks to our strong distribution platform and well-diversified customer portfolio, our TSR sale growth beat overall NR demand in 2014. Our gross profit of TSR decreased by 48.8% YoY. Gross profit margin also declined from the previous year due mainly to the downward price movement and pent-up demand situation.

### Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS decreased by 23.6% YoY, driven by a decrease of average selling price by 21.7% and a decrease of sale volume by 2.3%. Our gross profit from the sale of RSS decreased by 33.4% YoY. Gross profit margin slightly declined from 2013 due mainly to the effect of price fluctuation and government intervention.

### Concentrated Latex

Revenue from the sale of Concentrated Latex was down 6.9% YoY. The decrease was attributable to a decline in average selling price of 17.3%, despite partially offset by 12.6% increase of sale volume. The increase in sale volume was due mainly to a pick-up in demand from gloves business as the NR price was relatively competitive to its substitute of NBR price. Our gross profit from the sale of Concentrated Latex in 2014 improved by 262.8% YoY and gross profit margin also increased from the earlier year.

## Consolidated Balance Sheet

### Current Assets

Current assets decreased by Baht 8,914.0 million, or 33.5%, to Baht 17,684.4 million for the year end 2014 which was due primarily to the decrease in inventories of Baht 6,552.0 million in response to the continual drops in NR prices, the reduction in trade accounts receivable and other receivables of Baht 2,752.9 million due to lower NR prices, which were partially offset by Baht 238.9 million increase in cash and cash equivalent and Baht 71.6 million higher amount due from futures brokers.

At the end of 2014, 96.9% of our accounts receivable were not yet due or overdue less than 1 month while 2.7% was overdue by more than 1 year. The allowance for doubtful debts was 2.8% of total accounts receivable.

### Non-current Assets

Non-current assets increased by Baht 2,467.8 million, or 14.0%, to Baht 20,106.1 million for the year end 2014 which primarily consists of an increase in property, plants and equipment of Baht 2,060.2 million (net of depreciation and write-off) for the construction of our new factories in Thailand and Indonesia, capacity expansion to TSR factories, as well as the investment for rubber plantation.

#### Net book value of the Group's land and buildings as at 31 December 2014 (THB million):

Freehold land including land improvements	6,381.5
Leasehold land	201.1
Buildings and structures	3,282.1
<b>Total</b>	<b>9,864.7</b>



### Current Liabilities

Current liabilities decreased by Baht 7,911.8 million, or 38.8%, to Baht 12,464.0 million for the year end 2014 which was mainly from an decrease in short-term loans of Baht 4,814.7 million, a repayment of the debenture of Baht 1,600.0 million, a decrease in trade accounts payable of Baht 1,242.0 million from a decrease in raw material prices and a decrease in derivative financial instruments of Baht 320.0 million.

### Non-current Liabilities

Non-current liabilities increased by Baht 864.7 million, or 22.3%, to Baht 4,734.7 million for the year ended 2014 which was primarily due to an increase in long-term loans (net of current portion) of Baht 799.7 million to support our rubber plantation, and an increase in deferred income tax liabilities of Baht 112.4 million.

### Shareholders' Equity

Equity increased by Baht 600.8 million, or 3.0%, to Baht 20,591.9 million for the year end 2014 due mainly to net profit during the year and asset revaluation surplus.

## Consolidated Cash Flow

As at 31 December 2014, the Group had cash and cash equivalents of Baht 2,131.6 million, an increase of Baht 238.9 million, or 12.6% from 31 December 2013.

The Group generated cash flows from operations before net change in operating assets and liabilities of Baht 2,143.4 million. The Group had positive cash amounted Baht 7,942.7 million arising from change in our operating assets and liabilities which was due primarily to a decrease in inventories of Baht 6,477.5 million and a decrease in trade accounts receivable and other receivables of 2,744.8 million, which were partially offset by an decrease in trade accounts payable and other payables of 1,143.4 million.

The Group paid employee benefits, interest, and income tax of Baht 862.4 million. Overall, the Group have net cash flows provided by operating activities of Baht 9,269.9 million.

Investing activities utilised net cash flows of Baht 2,371.7 million, principally from investment in property, plants and equipment of Baht 3,010.8 million for the capacity expansion in Phitsanulok, Ubon Ratchathani, Sakaoe, Kalasin in Thailand and Jambi in Indonesia as well as for the investment in rubber plantation. This was partially offset by dividend received of Baht 526.1 million from associate and joint ventures and Baht 65.2 million loan repayment from an associate company.

Net cash flow used in financing activities amounted to Baht 6,659.2 million mainly consisted of a Baht 5,041.7 million repayment of short-term loans to financial institutions, repayment of Baht 1,600.0 million debentures, and Baht 832.0 million dividend payment to shareholders. These were offset by Baht 826.6 million net long-term loan drawdown.

## Source of Fund

In 2014, our capital expenditure was Baht 2,890.1 million, principally comprised Baht 1,922.9 million for the capacity expansion and Baht 926.2 for the investment in rubber plantation. 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 2014, proceeds from IPO has been fully utilized as planned. Our debt to equity ratio has improved from 1.21 times in 2013 to 0.84 times, which was considered conservative when compared with our competitors in the same industry. As at 31 December 2014, the Group were in compliance with all debt covenants.

## Financial Ratios

### Current ratios

Current ratio is calculated by dividing total current assets by total current liabilities. Our current ratio as at 31 December 2014 increased to 1.42 times from 1.31 times last year. The improvement came from the higher cash and lower level of outstanding loans.

### 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 2014 and 31 December 2013, our fixed asset turnovers were 5.38 and 8.09 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 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 2014 and 31 December 2013, our ROA were 2.53% and 4.50%, respectively. The decrease in ROA was due to lower net profit under the pressure from falling NR price and industry downturn.

### Return on equity ("ROE")

ROE is calculated by dividing net profit (parent company) for the year by average total equity. As at 31 December 2014 and 31 December 2013, our ROE were 5.11% and 9.37%, respectively. Similar to ROA, the decrease in ROE was due to lower net profit under the pressure from falling NR price and industry downturn.

### Debt to equity ratio ("D/E")

D/E is calculated by dividing total debt by total equity. As at 31 December 2014 and 31 December 2013, our D/E were 0.84 and 1.21 times, respectively. The improvement in D/E was due mainly to lower debt level from the repayment of debentures and lower short-term loan from lower raw material prices.

## Business Outlook

### Industry in general

	2013	2014	2015F
<b>%Global Growth (GDP)</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.8%</b>
Advance economies	1.4%	1.8%	2.3%
Emerging market and developing economies	4.7%	4.4%	5.0%
China (world's largest NR consumer)	7.7%	7.4%	7.1%
<b>Vehicle production (mil. Unit)</b>	<b>87</b>	<b>90</b>	<b>95</b>
% change	3.6%	3.5%	5.3%
<b>Tire production (mil. Unit)</b>	<b>1,657</b>	<b>1,748</b>	<b>1,813</b>
% change	3.5%	5.5%	3.7%
<b>NR consumption ('000 tons)</b>	<b>11,347</b>	<b>11,944</b>	<b>12,317</b>
% change	2.7%	5.3%	3.1%

Source: IMF and The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2014

Generally, global economic is a key driver for NR demand. This is evidenced by approximately 70% of NR demand stemming from tire industry of which in turn depends primarily on industrial and automotive sector. Based on International Monetary Fund (IMF) forecast as of January 2015, global economic growth is expected to recover and grow at a slightly higher rate in 2015 in comparison to 2014. This is due to the recovery of advanced economies which would be beneficial to emerging markets and developing economies as well. However, due to the higher-than-expected increase in demand and inventory buildup of NR in 2014, NR consumption in 2015 is expected to grow at a slower pace than 2014, before catching up to a steady rate in 2016 onwards.

The falling NR price was due to a number of factors including looming global economy, China economy slowdown, continual supply surplus, appreciation of UD Dollars and plunge in crude oil price. The price has continued its downturn momentum since 2012 and is viewed to ride on this trend at least in short to medium term. Due to the lacklustre global economy, we do not expect NR price to shoot up to its boom during 2009-2011. On the other hand, we expect that the downside is limited given to the fact that the current price is likely to be on par with cash cost of farmers.

## Demand & Supply Balance

World Natural Rubber production and consumption during 2013 - 2015

Unit: 000'tons	2013	2014	2015F
<b>NR production</b>	<b>12,079</b>	<b>12,020</b>	<b>12,394</b>
% change	4.0%	-0.5%	3.1%
<b>NR consumption</b>	<b>11,347</b>	<b>11,944</b>	<b>12,317</b>
% change	2.7%	5.3%	3.1%
<b>NR Balance</b>	<b>732</b>	<b>76</b>	<b>77</b>

Source: The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2014

According to International Rubber Study Group (IRSG), World Rubber Industry Outlook, Review and Prospects to 2023 as of December 2014, the world NR demand in 2014 was 11,944,000 tons representing 5.3% increase (vs. 2.7% in 2013). The accelerated growth rate was supported by the increase in the world's tire production, which constituted around 70% of the world's NR demand. The demand growth was contributed mainly by China, EU and the US at the rate of 8.3%, 6.6% and 3.7% respectively. This was offset by the diminishing demand from Japan and other Asia-Pacific countries. The world supply of NR, on the other hand, marginally dropped by 0.5% to 12,020,000 tons in 2014. Key factor for the supply decrease was due to the continuous drop in NR price where farmers reduced their tapping intensity as well as postpone the planting/re-planting schedule. Asia-Pacific was the region resulting in supply drop. Malaysia and India output decreased by 15.2% and 13.8% respectively despite the continuous growth of supply in Vietnam and CAMAL<sup>1</sup> countries.

The rubber supply surplus shall continue for the next couple years as the supply from rubber plantation during the upsurge of NR price in 2005-2008 will start to come out in 2011 after the 6-7 years gestation period. The NR demand growth may not be sufficient to fully absorb such increase in supply. Nevertheless, with an improvement in demand from China and advanced NR consuming countries, IRSG anticipated that the demand and supply gap will be narrower and reduce from its peak at 732,000 tons in 2013. The projection indicates the surplus to hover around 76,000 tons in 2015 and remain at slightly more or less in years to come.

## 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 – Land of 8,000 hectares already secured for rubber plantation

Having footprint in rubber plantation is one of our strategies to fulfill our fully integrated NR supply chain. Not only will it increase our opportunity to procure raw materials at more favorable prices in new rubber plantation zone, and increase opportunity for new midstream capacity expansion, it will also provide us with insights on upstream market sentiment, and will ultimately increase our sustainable profitability.

At the end of 2014, the Group had obtained approximately 8,098 hectares<sup>2</sup> suitable for rubber plantation in 19 provinces of Thailand, of which approximately 6,160 hectares has already been planted for rubber. Most of our lands are in the North and Northeastern regions.

<sup>1</sup> CAMAL countries include Cambodia, Myanmar and Lao PDR

<sup>2</sup> This includes the land with our own title deeds of 40,042 rai (6,407 hectares) and the land restricted to transfer in certain period as well as the land that we have rights to use by paying local maintenance tax totaling 10,570 rai (1,691 hectares).



**Midstream Business – Continuous capacity expansion to reach 1.7 million by the end of 2016**

Production capacity expansion and increasing our market share are our key strategies in midstream business to maintain our competitive edge in Natural Rubber market. It will enable us to benefit from economies of scale and put us in a position to better lead the global market.

In 2014, we have added to our strength the first TSR plants in the North of Thailand, Phitsanulok as well as our first Concentrated Latex plant in Northeastern region of Thailand in Ubonratchathani. These brought our optimum annual capacity to the industry record at 1.4 million tons per annum. Our new production plant in Myanmar will also contribute a new source of supply to our Group by mid of 2015. Following our strategy, we will continue to expand our production footprint in many top producing and emerging countries such as Thailand, Indonesia and Myanmar, to maintain our position as the world's largest natural rubber producer with the goal to increase our annual capacity to 1.7 million tons by 2016.

**Raw Material Procurement – Enhance the procurement stronghold**

A number of campaigns have been launched in 2014 to imprint Sri Trang as a trustworthy long-term business partnership with our suppliers. We are on a quest to continuously develop new and effective communication strategies with the suppliers to ensure the supply of high quality raw materials that meet our factories' requirements, which will be translated into the sustainable cost saving and production efficiency in our midstream operation.

**Customer Coverage – Expand and diversify into high potential markets**

In 2014, we have successfully executed our strategies to continuously expand in domestic and high potential markets. Sales volume has increased by 6.9% outperforming the global NR demand which increased at 5.3%. As a result, we were able to maintain our leading position with 10% global market share despite the market downturn and unfavourable external factors. Our newly established sales & distribution platform in Vietnam commenced the operation in second half of 2014 to handle the operations from the 3<sup>rd</sup> NR supplying country. We will continue to focus on expanding our customer base in every high potential markets to capture growth prospect and ensure the well-balanced customer portfolio.

# 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 Member
3. Mr. Samacha Potavorn Audit Committee Member

The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors of the Company. In year 2014, 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 2014 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 2015 to be proposed to the Board of Directors to obtain an approval from the 2015 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

26 February 2015

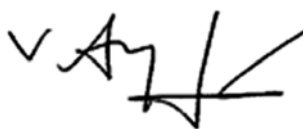
# Report of the Board of Director's Responsibility for the Financial Reports

The Board of Directors is responsible for the separate financial statements of Sri Trang Agro-Industry Plc and the consolidated financial statements of Sri Trang Agro-Industry Plc and its subsidiaries as well as the financial information stated in the Company's 2014 Annual Report. The financial statement ended on December 31, 2014 was prepared with generally certified accounting standard by using appropriate and consistent accounting policy and with careful consideration and reasonableness in preparation and disclose of the important information adequately in the Note to Financial statements to reflect the actual financial position, operating results and cash flow which is transparent and beneficial to shareholders and investors. The financial statements have been audited by PricewaterhouseCoopers ABAS Ltd., all related information were provided to support the auditor for giving their opinion according to auditing standard.

The Board of Directors recognized the duties and responsibilities for supervising the financial report to be efficient by complying with the good corporate governance and using the risk management system and appropriate internal control system both operation and related information system to ensure that the financial information was accurate, complete and sufficient to prevent fraud or mismanagement and to protect the Company's assets.

In this regard, the Board also appointed an Audit Committee comprising of Independent Directors to review the quality and reliability of the financial report and the effectiveness of the internal control system and risk management system along with appropriateness and completeness of information disclosure regarding related party transactions as reflected in their opinion in The Audit Committee Report in this Annual Report.

From the Company corporate governance and practical methods mentioned above, the Board has the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance of the reliability of the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014 which are accurate and in compliance with generally accepted accounting practices as well as to all relevant 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 2014 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 2014 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

27 February 2015

# Statements of Financial Position

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

As at 31 December 2014

	Notes	Consolidated			Company		
		(Restated)		(Restated)	(Restated)		(Restated)
		31 December	31 December	1 January	31 December	31 December	1 January
		2014	2013	2013	2014	2013	2013
		Baht	Baht	Baht	Baht	Baht	Baht
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	8, 38	2,131,618,737	1,892,728,704	1,534,031,967	351,506,312	558,713,673	514,399,840
Derivative financial instruments	9, 38	89,767,267	75,974,417	100,138,703	33,730,806	60,511,268	43,227,574
Trade accounts receivable and other receivables, net	10	4,688,380,158	7,441,236,911	6,511,323,604	2,297,828,991	3,893,124,720	3,398,131,246
Amounts due from futures brokers	38	392,450,064	320,815,698	384,452,345	85,663,956	152,662,325	128,341,495
Inventories, net	11	10,029,943,739	16,581,938,622	13,151,553,435	4,743,353,158	7,196,300,579	5,937,818,322
Other current assets	12	352,224,156	285,719,524	289,421,154	76,857,998	51,450,218	36,248,902
<b>Total current assets</b>		<u>17,684,384,121</u>	<u>26,598,413,876</u>	<u>21,970,921,208</u>	<u>7,588,941,221</u>	<u>11,912,762,783</u>	<u>10,058,167,379</u>
<b>Non-current assets</b>							
Long-term loan to subsidiaries and an associate	37.4, 38	-	65,355,600	60,774,600	992,656,135	1,053,927,701	60,774,600
Fixed deposits pledged as collateral	13, 38	34,585,973	61,185,033	99,481,761	13,622,863	13,128,278	12,989,591
Investments in subsidiaries	14	-	-	-	9,684,640,514	8,744,640,514	6,413,965,514
Investments in associates	14	1,157,810,054	3,541,181,387	3,456,056,184	649,177,500	712,177,500	717,802,500
Investment in joint ventures	14	2,878,241,133	489,247,987	489,343,161	83,099,800	20,099,800	20,099,800
Long-term investments	15, 38	63,672,236	52,438,932	59,126,451	62,666,431	51,520,878	58,019,929
Property, plant and equipment, net	4, 16	14,355,033,514	12,294,839,816	9,666,687,208	5,845,366,056	4,908,438,517	3,576,490,406
Rubber and palm plantations, net	4, 17	901,246,752	547,657,449	274,922,306	4,080,879	4,560,887	5,040,896
Intangible assets, net	18	31,639,642	27,046,829	21,446,266	12,311,158	14,032,131	9,981,850
Investment properties	19	170,255,147	176,254,186	160,407,667	27,769,750	27,769,750	27,769,750
Withholding tax deducted at source		332,854,932	240,009,472	169,720,598	250,167,419	171,483,080	110,994,525
Deferred income tax assets, net	20	146,540,958	121,784,907	144,706,429	-	-	-
Other non-current assets	21	34,265,689	21,326,641	29,832,649	12,718,800	11,749,609	10,505,180
<b>Total non-current assets</b>		<u>20,106,146,030</u>	<u>17,638,328,239</u>	<u>14,632,505,280</u>	<u>17,638,277,305</u>	<u>15,733,528,645</u>	<u>11,024,434,541</u>
<b>Total assets</b>		<u><u>37,790,530,151</u></u>	<u><u>44,236,742,115</u></u>	<u><u>36,603,426,488</u></u>	<u><u>25,227,218,526</u></u>	<u><u>27,646,291,428</u></u>	<u><u>21,082,601,920</u></u>

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated			Company		
		(Restated)		(Restated)	(Restated)		(Restated)
		31 December	31 December	1 January	31 December	31 December	1 January
		2014	2013	2013	2014	2013	2013
		Baht	Baht	Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Trade accounts payable and other payables	22	2,579,501,245	3,821,538,312	2,406,316,981	1,486,686,421	1,898,141,014	1,005,439,980
Short-term loans from financial institutions	23, 38	9,408,410,287	14,223,084,711	12,173,049,092	4,261,484,000	5,985,183,000	3,689,464,000
Current portion of long-term loans from financial institutions	23, 38	140,264,000	113,404,000	114,000,000	50,000,000	-	-
Current portion of debentures	23, 38	-	1,600,000,000	-	-	1,600,000,000	-
Current portion of finance lease liabilities	23, 38	30,046,135	17,873,880	9,836,852	3,585,007	4,399,946	5,879,822
Derivative financial instruments	9, 38	212,826,685	532,851,063	164,233,976	155,819,745	433,015,611	62,309,409
Current income tax liabilities		48,559,037	20,490,118	8,199,893	-	-	-
Other current liabilities		44,348,586	46,473,277	45,300,797	20,985,956	12,667,203	17,829,132
<b>Total current liabilities</b>		<b>12,463,955,975</b>	<b>20,375,715,361</b>	<b>14,920,937,591</b>	<b>5,978,561,129</b>	<b>9,933,406,774</b>	<b>4,780,922,343</b>
<b>Non-current liabilities</b>							
Long-term loans from financial institutions	23, 38	2,913,462,000	2,113,726,000	400,860,000	2,910,000,000	2,020,000,000	200,000,000
Debentures	23, 38	1,450,000,000	1,450,000,000	2,150,000,000	1,450,000,000	1,450,000,000	2,150,000,000
Finance lease liabilities	23, 38	33,310,507	28,665,810	5,580,814	3,979,795	5,150,373	2,120,895
Deferred income tax liabilities, net	4, 20	172,496,107	60,128,705	156,217,358	36,649,938	16,089,377	76,733,203
Provision for retirement benefit obligations	24	115,226,468	106,867,154	88,497,554	53,448,249	44,583,916	38,468,792
Other non-current liabilities		50,210,804	110,571,098	22,192,554	-	-	-
<b>Total non-current liabilities</b>		<b>4,734,705,886</b>	<b>3,869,958,767</b>	<b>2,823,348,280</b>	<b>4,454,077,982</b>	<b>3,535,823,666</b>	<b>2,467,322,890</b>
<b>Total liabilities</b>		<b>17,198,661,861</b>	<b>24,245,674,128</b>	<b>17,744,285,871</b>	<b>10,432,639,111</b>	<b>13,469,230,440</b>	<b>7,248,245,233</b>

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated			Company		
		(Restated)		(Restated)	(Restated)		(Restated)
		31 December	31 December	1 January	31 December	31 December	1 January
		2014	2013	2013	2014	2013	2013
		Baht	Baht	Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity (Cont'd)</b>							
<b>Shareholders' equity</b>							
Share capital	25						
Authorised share capital							
Ordinary shares,							
1,280,000,000 shares							
of par Baht 1 each							
(2013: 1,280,000,000							
of par Baht 1 each)		1,280,000,000	1,280,000,000	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							
(2013 : 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	1,280,000,000	1,280,000,000
Premium on share capital	25	8,550,989,821	8,550,989,821	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	26	(173,134,488)	(173,134,488)	(173,134,488)	-	-	-
Asset revaluation surplus, net of accumulated depreciation	4, 26	1,470,543,779	1,130,228,558	1,097,991,266	691,242,473	706,205,596	658,560,617
Unrealised gains on available-for-sale investments	26	18,864,175	8,546,917	13,525,669	18,417,816	8,095,919	12,889,314
Cumulative currency differences on translating financial statement	26	(445,858,809)	(453,395,072)	(347,927,852)	-	-	-
Retained earnings							
Appropriated - legal reserve	27	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000
Unappropriated	4	9,662,264,944	9,431,558,939	8,224,846,142	4,125,929,305	3,503,769,652	3,203,916,935
<b>Total parent's shareholders' equity</b>		20,491,669,422	19,902,794,675	18,774,290,558	14,794,579,415	14,177,060,988	13,834,356,687
Non-controlling interests		100,198,868	88,273,312	84,850,059	-	-	-
<b>Total shareholders' equity</b>		20,591,868,290	19,991,067,987	18,859,140,617	14,794,579,415	14,177,060,988	13,834,356,687
<b>Total liabilities and shareholders' equity</b>		37,790,530,151	44,236,742,115	36,603,426,488	25,227,218,526	27,646,291,428	21,082,601,920

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated		Company	
		(Restated)		(Restated)	
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Revenues from sales and services	28, 40	75,529,874,680	92,185,181,108	37,058,138,121	42,962,452,166
Cost of sales and services	4	(72,181,560,556)	(86,986,685,065)	(34,907,155,094)	(40,439,899,903)
<b>Gross profit</b>		<b>3,348,314,124</b>	<b>5,198,496,043</b>	<b>2,150,983,027</b>	<b>2,522,552,263</b>
Other income	31	121,093,460	259,992,906	1,109,592,378	944,090,588
Selling expenses		(2,132,659,869)	(2,358,534,102)	(1,757,595,394)	(1,774,987,092)
Administrative expenses		(1,687,743,051)	(1,230,652,528)	(858,441,607)	(587,926,504)
Gains on exchange rate, net		371,134,668	312,503,329	234,877,747	33,701,153
Other gains , net	33	1,134,825,860	338,615,468	875,057,051	53,359,271
<b>Operating profit</b>		<b>1,154,965,192</b>	<b>2,520,421,116</b>	<b>1,754,473,202</b>	<b>1,190,789,679</b>
Share of profit from investments in associates and joint ventures	14	535,088,818	495,574,747	-	-
<b>Profit before net finance costs and income tax</b>		<b>1,690,054,010</b>	<b>3,015,995,863</b>	<b>1,754,473,202</b>	<b>1,190,789,679</b>
Finance income		49,701,857	46,059,709	74,832,880	66,811,246
Finance costs		(663,386,209)	(1,075,346,095)	(367,730,540)	(318,629,853)
Finance costs, net	32	(613,684,352)	(1,029,286,386)	(292,897,660)	(251,818,607)
<b>Profit before income tax</b>		<b>1,076,369,658</b>	<b>1,986,709,477</b>	<b>1,461,575,542</b>	<b>938,971,072</b>
Income tax	4, 34	(40,132,363)	(149,576,668)	(19,932,157)	(14,608,768)
<b>Profit for the years</b>		<b>1,036,237,295</b>	<b>1,837,132,809</b>	<b>1,441,643,385</b>	<b>924,362,304</b>
<b>Other comprehensive income:</b>					
Asset revaluation surplus, net of tax	4	361,386,290	53,305,106	-	62,608,813
Change in fair value of available-for-sale investments, net of tax		10,317,258	(4,978,752)	10,321,897	(4,793,395)
Actuarial gains (losses) on defined employee benefit plan, net of tax		3,872,750	5,460,641	(2,446,855)	526,579
Currency differences on translating financial statement		7,660,466	(120,564,777)	-	-
Other comprehensive income (expense) for the years, net of tax		383,236,764	(66,777,782)	7,875,042	58,341,997
<b>Total comprehensive income for the years</b>		<b>1,419,474,059</b>	<b>1,770,355,027</b>	<b>1,449,518,427</b>	<b>982,704,301</b>

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated		Company	
		(Restated)		(Restated)	
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
<b>Profit for the years attributable to:</b>					
Owners of the parent		1,037,762,186	1,820,184,342	1,441,643,385	924,362,304
Non-controlling interests		(1,524,891)	16,948,467	-	-
<b>Profit for the years</b>		<u>1,036,237,295</u>	<u>1,837,132,809</u>	<u>1,441,643,385</u>	<u>924,362,304</u>
<b>Total comprehensive income for the years attributable to:</b>					
Owners of the parent		1,420,874,748	1,768,504,118	1,449,518,427	982,704,301
Non-controlling interests		(1,400,689)	1,850,909	-	-
<b>Total comprehensive income for the years</b>		<u>1,419,474,059</u>	<u>1,770,355,027</u>	<u>1,449,518,427</u>	<u>982,704,301</u>
<b>Earnings per share</b>					
Basic earnings per share	4, 35	<u>0.81</u>	<u>1.42</u>	<u>1.13</u>	<u>0.72</u>

# Statements of Changes in Shareholders' Equity

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

	Consolidated											
	Attributable to owners of the parent											
	Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2014 - originally stated		1,280,000,000	8,550,989,821	(173,134,488)	1,206,286,840	8,546,917	(453,395,072)	128,000,000	9,430,734,049	19,978,028,067	88,273,312	20,066,301,379
Retrospective adjustment from changes in accounting policy	4	-	-	-	(76,058,282)	-	-	-	824,890	(75,233,392)	-	(75,233,392)
Opening balance as at 1 January 2014 - as restated		1,280,000,000	8,550,989,821	(173,134,488)	1,130,228,558	8,546,917	(453,395,072)	128,000,000	9,431,558,939	19,902,794,675	88,273,312	19,991,067,987
Profit for the year		-	-	-	-	-	-	-	1,037,762,186	1,037,762,186	(1,524,891)	1,036,237,295
Other comprehensive income		-	-	-	361,386,290	-	-	-	-	361,386,290	-	361,386,290
Asset revaluation surplus, net of tax		-	-	-	-	-	-	-	-	-	-	-
Depreciation transfer on assets revaluation, net of tax		-	-	-	(21,071,069)	-	-	-	21,071,069	-	-	-
Change in fair value of available-for-sale investments, net of tax		-	-	-	-	10,317,258	-	-	-	10,317,258	-	10,317,258
Actuarial gains on defined employee benefit plans, net of tax		-	-	-	-	-	-	-	3,872,750	3,872,750	-	3,872,750
Currency differences on translating financial statement		-	-	-	-	-	7,536,263	-	-	7,536,263	124,203	7,660,466
Total other comprehensive income, net of tax		-	-	-	340,315,221	10,317,258	7,536,263	-	24,943,819	383,112,561	124,203	383,236,764
Total comprehensive income		-	-	-	340,315,221	10,317,258	7,536,263	-	1,062,706,005	1,420,874,747	(1,400,688)	1,419,474,059

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

Consolidated															
Attributable to owners of the parent															

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Consolidated											
	Attributable to owners of the parent											
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2013 - originally stated	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
Retrospective adjustment from changes in accounting policy	-	-	-	-	(78,409,581)	-	-	-	753,276	(77,656,305)	-	(77,656,305)
Opening balance as at 1 January 2013 - as restated	1,280,000,000	8,550,989,821	(173,134,488)		1,097,991,266	13,525,669	(347,927,852)	128,000,000	8,224,846,142	18,774,290,558	84,850,059	18,859,140,617
Profit for the year	-	-	-	-	-	-	-	-	1,820,184,342	1,820,184,342	16,948,467	1,837,132,809
Other comprehensive income												
Asset revaluation surplus, net of tax	-	-	-	-	53,305,106	-	-	-	-	53,305,106	-	53,305,106
Depreciation transfer on assets revaluation, net of tax	-	-	-	-	(21,067,814)	-	-	-	21,067,814	-	-	-
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	-	(4,978,752)	-	-	-	(4,978,752)	-	(4,978,752)
Actuarial gains on defined employee benefit plans, net of tax	-	-	-	-	-	-	-	-	5,460,641	5,460,641	-	5,460,641
Currency differences on translating financial statement	-	-	-	-	-	-	(105,467,220)	-	-	(105,467,220)	(15,097,557)	(120,564,777)
Total other comprehensive income, net of tax	-	-	-	-	32,237,292	(4,978,752)	(105,467,220)	-	26,528,455	(51,680,225)	(15,097,557)	(66,777,782)
<b>Total comprehensive income</b>	-	-	-	-	32,237,292	(4,978,752)	(105,467,220)	-	1,846,712,797	1,768,504,117	1,850,910	1,770,355,027

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated											
		Attributable to owners of the parent											
		Deduction arising from acquisition of additional interest in subsidiaries		(Restated) Asset revaluation		Cumulative currency difference on translating financial statements		Retained earnings Appropriated - legal reserve		(Restated) Total owners of the parent		(Restated) Non-controlling interests	
		Issued and paid-up share capital	Premium on share capital	Baht	Baht	Unrealise gains on available-for-sale investments	Baht	Baht	Baht	Unappropriated reserve	Baht	Baht	Baht
<b>Transactions with shareholders' equity</b>													
Adjustment of non-controlling interests		-	-	-	-	-	-	-	-	-	-	1,573,490	1,573,490
Dividend payment	36	-	-	-	-	-	-	-	-	(640,000,000)	(640,000,000)	-	(640,000,000)
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,147)	(1,147)
<b>Total transactions with shareholders' equity</b>		-	-	-	-	-	-	-	-	(640,000,000)	(640,000,000)	1,572,343	(638,427,657)
<b>Closing balance as at 31 December 2013</b>		1,280,000,000	8,550,989,821	(173,134,488)	1,130,228,558	8,546,917	(453,395,072)	128,000,000	9,431,558,939	19,902,794,675	88,273,312	19,991,067,987	

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Company									
		(Restated)		Asset		Unrealised gains		Retained earnings		(Restated)	
		revaluation surplus,		net of accumulated		on available-for-sale		Appropriated		Unappropriated	
		depreciation		depreciation		investments		- legal reserve			
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance as at 1 January 2014 - originally stated</b>		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			
Retrospective adjustment from changes in accounting policy	4	-	-	(63,579,491)	-	-	824,890	(62,754,601)			
<b>Opening balance as at 1 January 2014 - as restated</b>		1,280,000,000	8,550,989,821	706,205,596	8,095,919	128,000,000	3,503,769,652	14,177,060,988			
<b>Profit for the year</b>		-	-	-	-	-	1,441,643,385	1,441,643,385			
<b>Other comprehensive income</b>											
Depreciation transfer on assets revaluation, net of tax		-	-	(14,963,123)	-	-	14,963,123	-			
Change in fair value of available-for-sale investments, net of tax		-	-	-	10,321,897	-	-	-			10,321,897
Actuarial gains on defined employee benefit plans, net of tax		-	-	-	-	-	-	(2,446,855)			(2,446,855)
Total other comprehensive income, net of tax		-	-	(14,963,123)	10,321,897	-	12,516,268	7,875,042			
<b>Total comprehensive income</b>		-	-	(14,963,123)	10,321,897	-	1,454,159,653	1,449,518,427			
<b>Transactions with shareholders' equity</b>											
Dividend payment	36	-	-	-	-	-	(832,000,000)	(832,000,000)			(832,000,000)
<b>Total transactions with shareholders' equity</b>		-	-	-	-	-	(832,000,000)	(832,000,000)			(832,000,000)
<b>Closing balance as at 31 December 2014</b>		1,280,000,000	8,550,989,821	691,242,473	18,417,816	128,000,000	4,125,929,305	14,794,579,415			

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Company									
		(Restated)		Asset		Unrealised gains		Retained earnings		(Restated)	
		Issued and paid-up share capital	Premium on share capital	revaluation surplus, net of accumulated depreciation	on available-for-sale investments	Appropriated - legal reserve	Unappropriated	shareholders' equity			
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2013 - originally stated		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			
Retrospective adjustment from changes in accounting policy	4	-	-	(64,858,820)	-	-	753,276	(64,105,544)			
Opening balance as at 1 January 2013 - as restated		1,280,000,000	8,550,989,821	658,560,617	12,889,314	128,000,000	3,203,916,935	13,834,356,687			
Profit for the year		-	-	-	-	-	924,362,304	924,362,304			
Other comprehensive income											
Asset revaluation surplus, net of tax		-	-	62,608,813	-	-	-	62,608,813			
Depreciation transfer on assets revaluation, net of tax		-	-	(14,963,834)	-	-	14,963,834	-			
Change in fair value of available-for-sale investments, net of tax		-	-	-	(4,793,395)	-	-	(4,793,395)			
Actuarial gains on defined employee benefit plans, net of tax		-	-	-	-	-	526,579	526,579			
Total other comprehensive income, net of tax		-	-	47,644,979	(4,793,395)	-	15,490,413	58,341,997			
Total comprehensive income		-	-	47,644,979	(4,793,395)	-	939,852,717	982,704,301			
Transactions with shareholders' equity											
Dividend payment	36	-	-	-	-	-	(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	706,205,596	8,095,919	128,000,000	3,503,769,652	14,177,060,988			

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated		Company	
		(Restated)		(Restated)	
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit before income tax		1,076,369,658	1,986,709,477	1,461,575,542	938,971,072
Adjustments for:					
Unrealised (gains) losses on foreign currency translations		259,204,217	268,331,509	(3,908,434)	(93,153,101)
Unrealised (gains) losses from revaluation of derivative financial instruments		(333,817,228)	392,781,372	(250,415,404)	353,422,509
Allowance for impairment of trade accounts receivable		8,033,169	14,247,714	4,396,349	44,224,354
(Reversal of) allowance for inventory cost in excess of net realisable value		74,497,624	(40,666,543)	(642,251)	642,251
Provision for retirement benefit obligations	24, 30	15,675,379	25,080,515	6,516,186	6,115,124
Depreciation charges	16, 29	866,886,616	720,930,314	359,247,779	267,297,463
Amortisation charges - rubber and palm plantations	17, 29	805,732	1,519,877	480,009	480,009
Amortisation charges - intangible assets	18, 29	9,784,046	8,562,058	4,778,743	4,058,012
Loss on asset revaluation	16	26,457,735	36,740,002	-	-
Finance costs	32	663,386,209	1,075,346,095	367,730,540	318,629,853
Dividend income	31	(1,638,844)	(22,894,631)	(1,057,448,889)	(761,114,099)
Share of profit from investments in associates and joint ventures	14	(535,088,818)	(495,574,747)	-	-
(Gains) losses on disposal and write-off of property, plant and equipment and intangible assets		6,188,142	(4,213,495)	5,347,737	965,896
Gains (losses) from revaluation of investment properties	19	6,662,654	(6,306,672)	-	-
Gains on disposal of investment in an associate		-	(461,125)	-	(406,875)

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated		Company	
		(Restated)		(Restated)	
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
- Trade accounts receivable and other receivables		2,744,823,584	(944,161,021)	1,590,899,380	(539,217,829)
- Amounts due from futures brokers		(71,634,366)	63,636,647	66,998,369	(24,320,830)
- Inventories		6,477,497,259	(3,389,718,644)	2,453,589,672	(1,259,124,508)
- Other current assets		(49,523,064)	(33,211,018)	(25,407,781)	(15,201,315)
- Other non-current assets		(12,939,048)	8,506,009	(969,191)	(1,244,429)
Increase (decrease) in operating liabilities					
- Trade accounts payable and other payables		(1,143,381,408)	1,206,027,087	(302,452,230)	741,990,156
- Other current liabilities		(2,124,691)	1,172,480	8,318,753	(5,161,930)
<b>Cash provided by (used in) operating activities</b>		10,086,124,557	872,383,260	4,688,634,879	(22,148,217)
Interest paid		(673,955,736)	(1,047,483,652)	(377,211,179)	(291,297,528)
Income tax paid		(141,432,703)	(188,326,217)	(78,684,339)	(70,900,101)
Employee benefits paid	24	(862,380)	(132,165)	(293,960)	-
<b>Net cash provided by (used in) operating activities</b>		9,269,873,738	(363,558,774)	4,232,445,401	(384,345,846)

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated		Company	
		(Restated)		(Restated)	
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Cash paid for long-term loans to subsidiaries		-	-	-	(900,000,000)
Cash received from long-term borrowings to an associate		65,180,000	-	65,180,000	-
(Increase) decrease in fixed deposits pledged as collateral		26,599,060	38,296,728	(494,585)	(138,687)
Increase in available-for-sale investments	15	(40,000)	-	-	-
Dividends received		526,102,507	481,324,118	1,057,448,889	761,114,099
Cash paid for investments in subsidiaries and associates	14	-	-	(940,000,000)	(2,330,675,000)
Proceeds from business dissolution of an associate		-	6,836,125	-	6,031,875
Proceeds from disposal of property, plant and equipment and intangible assets		21,206,971	49,741,275	2,418,037	1,020,370
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets		(3,010,789,890)	(3,664,039,761)	(1,403,633,386)	(1,476,898,781)
<b>Net cash used in investing activities</b>		(2,371,741,352)	(3,087,841,515)	(1,219,081,045)	(3,939,546,124)
<b>Cash flows from financing activities</b>					
Increase (decrease) in short-term loans from financial institutions		(5,041,671,743)	1,867,963,016	(1,723,699,000)	2,295,719,000
Proceeds from long-term loans		940,000,000	1,826,270,000	940,000,000	1,820,000,000
Repayments of long-term loans		(113,404,000)	(114,000,000)	-	-
Proceeds from issuance of debentures		-	900,000,000	-	900,000,000
Repayments of debentures		(1,600,000,000)	-	(1,600,000,000)	-
Payments on finance lease liabilities		(25,492,854)	(31,708,333)	(4,872,717)	(7,513,197)
Dividend payment	36	(832,000,000)	(640,000,000)	(832,000,000)	(640,000,000)

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

	Notes	Consolidated		Company	
		(Restated)		(Restated)	
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Dividend payment from subsidiaries to non-controlling interests		(1,048)	(1,147)	-	-
Proceeds from capital increase from non-controlling interests		13,327,292	1,573,490	-	-
<b>Net cash provided by (used in) financing activities</b>		<b>(6,659,242,353)</b>	<b>3,810,097,026</b>	<b>(3,220,571,717)</b>	<b>4,368,205,803</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>238,890,033</b>	<b>358,696,737</b>	<b>(207,207,361)</b>	<b>44,313,833</b>
Cash and cash equivalents at the beginning of the years		1,892,728,704	1,534,031,967	558,713,673	514,399,840
<b>Cash and cash equivalents at the end of the years</b>	8	<b>2,131,618,737</b>	<b>1,892,728,704</b>	<b>351,506,312</b>	<b>558,713,673</b>
<b>Supplementary information for cash flows</b>					
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets:					
Property, plant and equipment rubber and palm plantations and intangible assets acquired		(2,904,653,271)	(3,996,580,462)	(1,306,998,862)	(1,609,340,134)
Increase in liabilities under finance lease liabilities		42,309,806	62,830,357	2,887,200	9,062,800
Increase (decrease) in payable from purchases of assets		(148,446,425)	269,710,344	(99,521,724)	123,378,553
<b>Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets</b>		<b>(3,010,789,890)</b>	<b>(3,664,039,761)</b>	<b>(1,403,633,386)</b>	<b>(1,476,898,781)</b>

The notes to the consolidated and Company financial statements on pages 157 to 265 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 2014

### 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.

On 29 April 2014, the Company changed the conversion of the Company’s listing status from a primary listing to a secondary listing on the main board of Singapore Exchange Securities Trading Limited. 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 27 February 2015.

### 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 5.

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 2014

## 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, revised financial reporting standards and related interpretations which are effective on 1 January 2014.

Revised accounting standards, revised financial reporting standards and related interpretations which are effective on 1 January 2014 are as follows:

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
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 TAS 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 - Web site costs

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.1 Revised accounting standards, revised financial reporting standards and related interpretations which are effective on 1 January 2014 (Cont'd)

The following accounting standards, financial reporting standards and related interpretations have no impact to the Group.

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.

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.

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).

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.

TAS 18 (revised 2012) removes the appendix to TAS 18.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange different relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively.

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.

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 losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively.

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 losses of 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.1 Revised accounting standards, revised financial reporting standards and related interpretations which are effective on 1 January 2014 (Cont'd)

The following accounting standards, financial reporting standards and related interpretations have no impact to the Group. (Cont'd)

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.

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.

TAS 38 (revised 2012) clarifies about intangible assets acquired in a business combination that is separable. Intangible assets should be recognised separately from goodwill. Complementary assets may only be recognised as a single asset if they have similar useful lives.

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.

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.

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.

TFRS 8 (revised 2012) 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.

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.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill.

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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.1 Revised accounting standards, revised financial reporting standards and related interpretations which are effective on 1 January 2014 (Cont'd)

The following accounting standards, financial reporting standards and related interpretations have no impact to the Group. (Cont'd)

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.

TSIC 15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease.

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". This guidance explains examples that individually demonstrate that an arrangement may not, in substance, involve a lease under TAS 17. The accounting shall reflect the substance of the arrangement.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS 38 "Intangible Assets".

The following interpretations of accounting standards and interpretations of financial reporting standards are not relevant to the Group.

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.

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.

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.

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.

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.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.2 New/revised accounting standards, new/revised financial reporting standards and new/revised related interpretations are effective on 1 January 2015

- a) Accounting standards, financial reporting standards and related interpretations which are expected to have no impact to the Group:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TFRS 13	Fair value measurement
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 20	Stripping costs in the production phase of a surface mine

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassified to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period.

TAS 27 (revised 2014) provides the requirements relating to separate financial statements.

TAS 28 (revised 2014) provides the requirements for investment in associates and joint ventures accounted by equity method.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.2 New/revised accounting standards, new/revised financial reporting standards and new/revised related interpretations are effective on 1 January 2015 (Cont'd)

- a) Accounting standards, financial reporting standards and related interpretations which are expected to have no impact to the Group: (Cont'd)

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

TFRS 11 defines that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs.

TFRIC 14 (revised 2014), this interpretation applies to all post-employment defined benefits and other long-term employee benefits. For the purpose of this interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term benefit plan. This interpretation explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

TFRIC 20 (revised 2014), this interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.2 New/revised accounting standards, new/revised financial reporting standards and new/revised related interpretations are effective on 1 January 2015 (Cont'd)

- b) Accounting standards, financial reporting standards and related interpretations with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contract
TAS 12 (revised 2014)	Income taxes
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.2 New/revised accounting standards, new/revised financial reporting standards and new/revised related interpretations are effective on 1 January 2015 (Cont'd)

- b) Accounting standards, financial reporting standards and related interpretations which are expected to have no impact to the Group (Cont'd)

TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under IAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers

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

New financial reporting standard which is effective for the periods beginning on or after 1 January 2016 is as follow:

TFRS 4 (revised 2014)	Insurance Contracts
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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.

### 3.4 Group accounting - investments in subsidiaries and associates and interests in joint ventures

- (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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.4 Group accounting - investments in subsidiaries and associates and interests in joint ventures (Cont'd)

#### (a) Subsidiaries (Cont'd)

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 14.1.

#### (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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.4 Group accounting - investments in subsidiaries and associates and interests in joint ventures (Cont'd)

#### (b) Transactions and non-controlling interests (Cont'd)

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 14.2.



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.4 Group accounting - investments in subsidiaries and associates and interests in joint ventures (Cont'd)

#### (d) Joint ventures

Joint ventures are entities 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.

A list of the Group's joint ventures is set out in Note 14.3.

### 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 2014

## 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 on 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 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.

### 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.9 Investments (Cont'd)

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.

### 3.10 Property, plant and equipment

Land and buildings comprise mainly factories and offices and are shown at fair value, based on valuations by external independent valuers every 5 years, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred

Increases in the carrying amount arising on revaluation of land and building are credited to statement of comprehensive income and shown as gain on asset revaluation in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation 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 'gain on asset revaluation' to retained earnings.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.10 Property, plant and equipment (Cont'd)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or the revalued amount, add if appropriate to their residual values over their estimated useful lives, as follows:

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or the revalued amount, add if appropriate to their residual values over their estimated useful lives, 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.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within gains or losses in statements of comprehensive income.

When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

### 3.11 Rubber and palm plantations

Rubber and palm plantations are stated at cost less accumulated amortisation and allowance for impairment, if any.

All costs comprising mainly clearing, land terracing and drainage, palm planting, weeding and fertilizing involved during the immature period until the rubbers and palms are ready for commercial harvesting at approximately 7 years for rubbers and 2 - 3 years for palms, are capitalised. The Group amortises rubber and palm plantations cost after the commercial harvesting, using a straight-line basis, over a period of 20 years.

In 2014, the Group has changed in accounting policy of rubber and palm plantations. The changes are disclosed in Note 4.



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.12 Intangible assets

#### Computer software

Acquired computer software licenses 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.

### 3.13 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.

### 3.14 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.15 Financial instruments

#### 3.15.1 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.

#### 3.15.2 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.

### 3.16 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.16 Borrowings (Cont'd)

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.

### 3.17 Leases - where the Group and the Company are the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially 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 and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss 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 and the lease term.

### 3.18 Current and deferred income taxes

The tax 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.18 Current and deferred income taxes (Cont'd)

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 substantially 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 from 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.

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.

### 3.19 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.19 Employee benefits (Cont'd)

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.

### 3.20 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.

### 3.21 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

### 3.22 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.



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 3 Accounting policies (Cont'd)

### 3.22 Revenue recognition (Cont'd)

#### (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.

### 3.23 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

### 3.24 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.

## 4 Change in accounting policies

The Group has retrospective by adjusted financial statement according to changing in accounting policy on rubber and palm plantations. The Group's management has considered that the cost model is more appropriate than the revaluation model for measuring the value of the Group's rubber plantations and palm plantations. Due to the high fluctuation of the major variable factors in the revaluation amount calculation, namely, the market value of rubber and palm. The valuation amount of the rubber plantations and the palm plantations varies significantly at each valuation. Thus the fair value does not accurately reflect the value of the Group's rubber plantations and palm plantations. According to the mentioned fact, the Group changed the measurement after recognition of the value of the rubber plantations and palm plantations from the revaluation model to the cost model. To comply with Thai Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors, the Group has taken the change effect to restate the statement of financial position as at 31 December 2013 and as at 1 January 2013 and the statement of comprehensive income for the year ended 31 December 2013 for comparison purpose as follows:

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 4 Change in accounting policies (Cont'd)

	Company		
	Originally stated	Restated	As restated
	Baht'000	Baht'000	Baht'000
<b>Statement of financial position as at 31 December 2013</b>			
Non-current assets			
Property, plant and equipment, net	12,925,858	(631,018)	12,294,840
Rubber and palm plantations, net	-	547,657	547,657
Non-current liabilities			
Deferred income tax liabilities, net	68,256	(8,127)	60,129
Shareholders' equity			
Asset revaluation surplus, net of accumulated depreciation	1,206,287	(76,058)	1,130,229
Retained earnings	9,430,734	825	9,431,559
<b>Statement of financial position as at 1 January 2013</b>			
Non-current assets			
Property, plant and equipment, net	10,034,350	(367,663)	9,666,687
Rubber and palm plantations, net	-	274,922	274,922
Non-current liabilities			
Deferred income tax liabilities, net	171,301	(15,084)	156,217
Shareholders' equity			
Asset revaluation surplus, net of accumulated depreciation	1,176,401	(78,410)	1,097,991
Retained earnings	8,224,093	753	8,224,846
<b>Statement of comprehensive income for the year end 31 December 2013</b>			
Cost of sales and services	(86,996,064)	9,379	(86,986,685)
Asset revaluation surplus, net of tax	59,471	(6,166)	53,305
Income tax	(148,786)	(791)	(149,577)
Earnings per share			
Basic earnings per share	1.42	-	1.42

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 4 Change in accounting policies (Cont'd)

	Company		
	Originally stated	Restated	As restated
	Baht'000	Baht'000	Baht'000
<b>Statement of financial position as at 31 December 2013</b>			
Non-current assets			
Property, plant and equipment, net	4,980,762	(72,323)	4,908,439
Rubber and palm plantations, net	-	4,561	4,561
Non-current liabilities			
Deferred income tax liabilities, net	21,097	(5,008)	16,089
Shareholders' equity			
Asset revaluation surplus, net of accumulated depreciation	769,785	(63,579)	706,206
Retained earnings	3,502,945	825	3,503,770
<b>Statement of financial position as at 1 January 2013</b>			
Non-current assets			
Property, plant and equipment, net	3,657,333	(80,843)	3,576,490
Rubber and palm plantations, net	-	5,041	5,041
Non-current liabilities			
Deferred income tax liabilities, net	88,429	(11,696)	76,733
Shareholders' equity			
Asset revaluation surplus, net of accumulated depreciation	723,419	(64,858)	658,561
Retained earnings	3,203,164	753	3,203,917
<b>Statement of comprehensive income for the year ended 31 December 2013</b>			
Cost of sales and services	(40,447,939)	8,039	(40,439,900)
Asset revaluation surplus, net of tax	68,775	(6,166)	62,609
Income tax	(14,086)	(523)	(14,609)
Earnings per share			
Basic earnings per share	0.72	-	0.72

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 5 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.

### 5.1 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 16.

### 5.2 Income taxes and deferred income taxes

The Group is 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.

### 5.3 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 24 and 30, respectively.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 6 Financial risk management

### 6.1 Financial risk factors

The Group'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.

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 operates 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 uses forward contracts. Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the Company's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

If Thai Baht had changed by 1% (2013: 3%) against the US dollars and 7% (2013: 4%) against the IDR with all other variables held constant, post-tax profit for the years, and shareholders' equity would have been impacted as follows:



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 6 Financial risk management (Cont'd)

### 6.1 Financial risk factors (Cont'd)

#### (a) Market risk (Cont'd)

##### (i) Foreign exchange risk (Cont'd)

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Impact to profit after tax in the statement of comprehensive income</b>				
THB against USD				
- Weakened	(7,148)	(88,581)	(7,020)	(86,557)
- Strengthened	7,148	88,581	7,020	86,557
THB against IDR				
- Weakened	(28,008)	(38,654)	-	-
- Strengthened	28,008	38,654	-	-
<b>Impact to shareholders' equity in the statement of financial position</b>				
THB against USD				
- Weakened	(19,708)	(101,803)	-	-
- Strengthened	19,708	101,803	-	-
THB against IDR				
- Weakened	(95,962)	(56,929)	-	-
- Strengthened	95,962	56,929	-	-

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 6 Financial risk management (Cont'd)

### 6.1 Financial risk factors (Cont'd)

#### (a) Market risk (Cont'd)

##### (ii) Price risk

The Group is exposed to commodity price risk from the natural rubber industry. The Group has managed the risks arising from price fluctuations by managing raw material sourcing using rubber futures and physical forward contracts. If the price of natural rubber increases/decreases by 12% (2013: 19%), with all other variables held constant, post-tax profit for the years will increase/decrease as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Profit and loss	353,873	586,385	198,816	338,877

The Group is 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 investments in equity securities are publicly traded in the Stock Exchange of Thailand. To manage its price risk arising from investments in equity, the Group diversifies their portfolios.

The table below summarises the impact of increases/decreases of the equity securities on the Group's equity. The analysis is based on the assumption that the price per share of the invested securities had increased/decreased by 7% (2013: 17%), with all other variables held constant and all the Group's available-for-sale equity instruments moved according to the historical correlation with the index:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Equity - unrealised gains on available-for-sale investments	3,904	7,196	5,112	8,293

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 6 Financial risk management (Cont'd)

### 6.1 Financial risk factors (Cont'd)

#### (a) Market risk (Cont'd)

##### (iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings which are issued at floating rates expose the Group to cash flow interest rate risk. The Group manages their cash flow interest rate risk by entering into interest rate swap contracts. If the interest rate increases/decreases by 0.25% (2013: 0.25%), the post-tax profit for the years will increase/decrease as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Profit and loss	32,199	41,126	18,054	20,013

Borrowings which are issued at fixed rates expose the Group 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 also assesses 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 monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of the borrowing facilities.

The table below analyses the Group's 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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## 6 Financial risk management (Cont'd)

### 6.1 Financial risk factors (Cont'd)

#### (c) Liquidity risk (Cont'd)

	Consolidated				
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>At 31 December 2014</b>					
Short-term loans from financial institutions	9,435,733	-	-	-	9,435,733
Trade accounts payable	1,490,547	-	-	-	1,490,547
Accrued expenses	743,524	-	-	-	743,524
Long-term loans from financial institutions	147,279	216,738	1,127,069	2,274,045	3,765,131
Debentures	-	318,500	1,296,456	-	1,614,956
Finance lease liabilities	32,472	26,892	7,625	-	66,989
Derivative financial instruments					
- Foreign exchange swaps	997,200	-	-	-	997,200
- Rubber futures (Buy)	250,635	-	-	-	250,635
- Rubber futures (Sell)	(1,675,224)	-	-	-	(1,675,224)
- Forward foreign exchange contracts - payments	129,526	-	-	-	129,526
- Forward foreign exchange contracts - receipts	(2,563,759)	-	-	-	(2,563,759)
- Physical forward contracts (Buy)	436,739	-	-	-	436,739
- Physical forward contracts (Sell)	(603,208)	-	-	-	(603,208)

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 6 Financial risk management (Cont'd)

### 6.1 Financial risk factors (Cont'd)

#### (c) Liquidity risk (Cont'd)

	Consolidated				
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>At 31 December 2013</b>					
Short-term loans from financial institutions	14,255,810	-	-	-	14,255,810
Trade accounts payable	2,751,399	-	-	-	2,751,399
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)



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 6 Financial risk management (Cont'd)

### 6.1 Financial risk factors (Cont'd)

#### (c) Liquidity risk (Cont'd)

	Company				
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>At 31 December 2014</b>					
Short-term loans from financial institutions	4,267,112	-	-	-	4,267,112
Trade accounts payable	979,827	-	-	-	979,827
Accrued expenses	413,540	-	-	-	413,540
Long-term loans from financial institutions	52,316	215,220	1,124,722	2,274,045	3,666,303
Debentures	-	318,500	1,296,456	-	1,614,956
Finance lease liabilities	3,878	4,211	-	-	8,089
Derivative financial instruments					
- Foreign exchange swaps	997,200	-	-	-	997,200
- Rubber futures (Buy)	250,635	-	-	-	250,635
- Rubber futures (Sell)	(1,415,640)	-	-	-	(1,415,640)
- Forward foreign exchange contracts - receipts	(2,094,414)	-	-	-	(2,094,414)

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 6 Financial risk management (Cont'd)

### 6.1 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
<b>At 31 December 2013</b>					
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)

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 6 Financial risk management (Cont'd)

### 6.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group 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 2014 and 2013 were as follows:

	Consolidated		Company	
	(Restated)		(Restated)	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Total liabilities	17,198,662	24,245,674	10,432,639	13,469,230
<u>Less</u> Cash and cash equivalents	(2,131,619)	(1,892,729)	(351,506)	(558,714)
Net debt	15,067,043	22,352,945	10,081,133	12,910,516
Total equity	20,591,868	19,991,068	14,794,579	14,177,061
Net debt to total equity ratio	0.73	1.12	0.68	0.91

### 6.3 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

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 6 Financial risk management (Cont'd)

### 6.3 Fair value measurements (Cont'd)

The following table presents the Group'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
<b>At 31 December 2014</b>				
Available-for-sale investments				
- Equity securities	53,245	-	-	53,245
Financial assets at fair value through profit or loss				
- Trading derivatives	82,545	7,222	-	89,767
Financial liabilities at fair value through profit or loss				
- Trading derivatives	70,094	142,733	-	212,827
<b>At 31 December 2013</b>				
Available-for-sale investments				
- Equity securities	42,012	-	-	42,012
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

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 6 Financial risk management (Cont'd)

### 6.3 Fair value measurements (Cont'd)

	Company			
	Level 1	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000	Baht'000
<b>At 31 December 2014</b>				
Available-for-sale investments				
- Equity securities	52,239	-	-	52,239
Financial assets at fair value through profit or loss				
- Trading derivatives	33,731	-	-	33,731
Financial liabilities at fair value through profit or loss				
- Trading derivatives	27,664	128,156	-	155,820
<b>At 31 December 2013</b>				
Available-for-sale investments				
- Equity securities	41,094	-	-	41,094
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

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.



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 6 Financial risk management (Cont'd)

### 6.3 Fair value measurements (Cont'd)

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.

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

## 7 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 2014, the Group operates two business segments in seven main geographical areas (2013: five main geographical areas). The allocation of revenue to each geographical area is based on the origin of sales.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 7 Segment information (Cont'd)

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2014:

	Consolidated								Total
	Natural Rubber Products							Other business	
	Thailand	Indonesia	Singapore	USA	China	Vietnam	Myanmar	Thailand	
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Segment									
revenues	54,421,494	9,502,265	18,879,743	3,177,429	805,842	-	-	2,643,767	89,430,540
Inter-segment									
revenues	(4,872,882)	(6,781,688)	(1,112,070)	(24,616)	-	-	-	(1,109,409)	(13,900,665)
<b>Revenues from external customers</b>	<b>49,548,612</b>	<b>2,720,577</b>	<b>17,767,673</b>	<b>3,152,813</b>	<b>805,842</b>	<b>-</b>	<b>-</b>	<b>1,534,358</b>	<b>75,529,875</b>
Depreciation and amortisation	(616,089)	(192,200)	(11,249)	(1,762)	(3,048)	-	(14)	(53,114)	(877,476)
Finance income	44,339	2,182	416	-	1,449	5	-	1,311	49,702
Finance costs	(431,114)	(176,761)	(15,558)	(36,555)	-	-	-	(3,398)	(663,386)
Share of profit from investments in associates and joint ventures	535,089	-	-	-	-	-	-	-	535,089
Profit (loss) before income tax	2,070,534	(178,513)	307,837	(79,847)	59,843	(1,793)	(531)	91,185	2,268,715
Income tax	(8,008)	27,337	(34,500)	33,630	(15,119)	-	-	(43,472)	(40,132)
Profit (loss) for the year	<u>2,062,526</u>	<u>(151,176)</u>	<u>273,337</u>	<u>(46,217)</u>	<u>44,724</u>	<u>(1,793)</u>	<u>(531)</u>	<u>47,713</u>	<u>2,228,583</u>
Intersegmental balances									(1,192,346)
<b>Total profit for the year</b>									<u>1,036,237</u>
Total assets	<u>31,148,828</u>	<u>4,432,527</u>	<u>3,565,800</u>	<u>1,562,899</u>	<u>471,148</u>	<u>32,553</u>	<u>31,181</u>	<u>7,562,423</u>	<u>48,807,360</u>
Intersegmental balances									(11,016,830)
<b>Total assets</b>									<u>37,790,530</u>

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 7 Segment information (Cont'd)

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

	Consolidated (Restated)						
	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)
<b>Revenues from external customers</b>	<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	(517,704)	(162,478)	(9,168)	(1,555)	(2,560)	(37,547)	(731,012)
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
Profit before income tax	2,125,435	94,026	338,609	10,737	44,154	173,519	2,786,480
Income tax	(16,877)	(35,436)	(44,467)	5,220	(14,267)	(43,749)	(149,576)
Profit for the year	<u>2,108,558</u>	<u>58,590</u>	<u>294,142</u>	<u>15,957</u>	<u>29,887</u>	<u>129,770</u>	<u>2,636,904</u>
Intersegmental balances							(799,771)
<b>Total profit for the year</b>							<u>1,837,133</u>
Total assets	<u>36,606,061</u>	<u>4,753,205</u>	<u>4,494,521</u>	<u>1,849,293</u>	<u>473,434</u>	<u>6,206,862</u>	54,383,376
Intersegmental balances							(10,146,634)
<b>Total assets</b>							<u>44,236,742</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 2014

## 7 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	
	2014	2013
	Baht'000	Baht'000
Thailand	13,421,341	11,300,732
Indonesia	1,868,692	1,557,246
Singapore	181,942	191,334
USA	5,975	5,297
China	12,389	12,516
Myanmar	2,094	-
Vietnam	8	-
Total	15,492,441	13,067,125

## 8 Cash and cash equivalents

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	20,311	27,759	4,727	19,262
Deposits held at call with banks	2,111,308	1,864,970	346,779	539,452
Total cash and cash equivalents	2,131,619	1,892,729	351,506	558,714

The effective interest rates on deposits held at call with banks were between 0.1% and 5.5% per annum (2013: 0.1% and 2.9% per annum).

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 8 Cash and cash equivalents (Cont'd)

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
USD	843,156	894,729	67,178	110,076
IDR	367,706	89,558	-	-
JPY	23,631	50,794	-	-
SGD	8,751	16,966	873	2,613
RMB	185,307	61,634	-	-
THB	670,404	779,048	283,455	446,025
VND	32,064	-	-	-
MMK	600	-	-	-
Total cash and cash equivalents	2,131,619	1,892,729	351,506	558,714



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 9 Derivative financial instruments

	Consolidated			
	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	Baht'000	Baht'000	Baht'000	Baht'000
Foreign exchange swaps	-	(89,118)	-	(107,411)
Foreign exchange options	-	-	-	(56,241)
Forward foreign exchange contracts	7,222	(53,616)	27,401	(313,217)
Rubber futures	37,799	(37,017)	35,157	(35,520)
Physical forward contracts	44,746	(33,076)	13,416	(20,462)
Total derivative financial instruments	89,767	(212,827)	75,974	(532,851)

	Company			
	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	Baht'000	Baht'000	Baht'000	Baht'000
Foreign exchange swaps	-	(89,118)	-	(107,411)
Foreign exchange options	-	-	-	(56,241)
Forward foreign exchange contracts	-	(39,038)	26,486	(234,468)
Rubber futures	33,731	(27,664)	34,025	(34,896)
Total derivative financial instruments	33,731	(155,820)	60,511	(433,016)

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Notional amounts</b>				
Foreign exchange swaps	997,200	992,680	997,200	992,680
Foreign exchange options (Sell)	-	846,591	-	846,591
Forward foreign exchange contracts	2,693,284	8,091,140	2,094,414	6,024,839
Rubber futures	1,925,859	2,178,323	1,666,275	1,780,781
Physical forward contracts	1,039,947	889,690	-	-

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 10 Trade accounts receivable and other receivables, net

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable				
- other companies	4,407,507	7,170,104	1,724,600	3,531,849
<u>Less</u> Allowance for impairment of trade accounts receivable	(126,791)	(118,667)	(61,850)	(57,439)
Total trade accounts receivable				
- other companies, net	4,280,716	7,051,437	1,662,750	3,474,410
Total trade accounts receivable				
- related companies (Note 37.3)	100,267	127,622	459,144	289,611
Total trade accounts receivable, net	4,380,983	7,179,059	2,121,894	3,764,021
Advances for inventories	48,287	50,785	6,465	8,103
Prepaid expenses	110,074	139,475	17,645	34,538
Accrued income and other receivables	149,036	71,918	151,825	86,463
Total trade accounts receivable and other receivables, net	4,688,380	7,441,237	2,297,829	3,893,125

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Within credit terms	3,960,804	6,319,023	1,955,459	3,335,602
Overdue 1 - 30 days	406,268	786,400	147,041	402,249
Overdue 31 - 60 days	8,318	63,675	7,695	11,187
Overdue 61 - 90 days	1,497	1,704	893	1,592
Overdue 91 - 120 days	1,967	1,819	1,956	1,819
Overdue 121 - 365 days	5,691	77,904	5,691	55,768
More than 365 days	123,229	47,201	65,009	13,243
	4,507,774	7,297,726	2,183,744	3,821,460
<u>Less</u> Allowance for impairment of trade accounts receivable	(126,791)	(118,667)	(61,850)	(57,439)
Total trade accounts receivable, net	4,380,983	7,179,059	2,121,894	3,764,021

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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

As at 31 December 2014 and 2013, 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 receivable - other companies is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Overdue 1 - 90 days	416,062	850,170	150,686	414,505
Overdue 91 - 365 days	7,658	13,335	7,647	13,335
More than 365 days	5,568	74	3,159	27
Total	429,288	863,579	161,492	427,867

As at 31 December 2014 and 2013, trade accounts receivable - 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	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Within credit terms	9,131	5,152	-	-
Overdue 1 - 90 days	-	-	-	-
Overdue 91 - 365 days	-	66,388	-	44,223
More than 365 days	117,660	47,127	61,850	13,216
Total	126,791	118,667	61,850	57,439

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance	118,667	103,933	57,439	12,972
Increases in allowance for impairment of trade accounts receivable	8,476	46,052	4,411	44,467
Reversals of allowance for impairment of trade accounts receivable	(360)	(31,318)	-	-
Currency differences on translating financial statements	8	-	-	-
Ending balance	126,791	118,667	61,850	57,439

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 10 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.

As at 31 December 2014 and 2013, accrued income and other receivables are within credit terms.

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
USD	3,417,224	6,092,444	1,017,448	2,658,630
RMB	72,408	46,055	7,417	-
THB	917,875	1,031,605	699,735	873,219
Total trade accounts receivable - other companies	4,407,507	7,170,104	1,724,600	3,531,849

## 11 Inventories, net

	Consolidated					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2014	2013	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	3,607,598	6,406,892	(82,866)	(41,157)	3,524,732	6,365,735
Work-in-progress	2,092,067	2,825,680	(13,696)	(34,790)	2,078,371	2,790,890
Raw materials, vessels and chemicals	4,321,694	7,279,947	(30,895)	(4,484)	4,290,799	7,275,463
Spare parts and supplies	136,042	149,851	-	-	136,042	149,851
Total	10,157,401	16,662,370	(127,457)	(80,431)	10,029,944	16,581,939

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 11 Inventories, net (Cont'd)

	Company					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2014	2013	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	1,248,361	2,682,492	-	-	1,248,361	2,682,492
Work-in-progress	899,707	1,043,659	-	-	899,707	1,043,659
Raw materials, vessels and chemicals	2,550,788	3,433,922	-	(642)	2,550,788	3,433,280
Spare parts and supplies	44,497	36,870	-	-	44,497	36,870
Total	4,743,353	7,196,943	-	(642)	4,743,353	7,196,301

During the year 2014, the cost of inventories for the consolidated financial statements is recognised as costs of sales and services amounting to Baht 67,548 million (2013: Baht 83,104 million) and for the Company financial statements amounting to Baht 33,146 million (2013: Baht 38,937 million).

Inventories are carried at lower of cost or net realisable value. As at 31 December 2014, the Group reserved an allowance for inventory cost in excess of net realisable value amounting to Baht 127 million (Company: Nil).

## 12 Other current assets

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Value added tax refundable	198,223	150,230	64,793	45,179
Prepaid withholding tax	133,910	116,983	-	-
Value added tax suspend	20,091	18,507	12,065	6,271
Total other current assets	352,224	285,720	76,858	51,450

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 13 Fixed deposits pledged as collateral

Fixed deposits amounting to Baht 35 million (2013: Baht 61 million) are pledged as collateral for short-term loan facilities with several financial institutions and for bank guarantees. For the year ended 31 December 2014, the fixed deposits earned average interest rate of 0.1% to 2.5% per annum (2013: 0.1% to 2.8% per annum).

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
USD	12,295	39,490	-	-
THB	22,291	21,695	13,623	13,128
Total fixed deposits pledged as collateral	34,586	61,185	13,623	13,128

## 14 Investments in subsidiaries, associates and joint ventures

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Net book amounts as at 1 January	4,030,429	3,945,399	9,476,918	7,151,868
Share of profits from investments	535,089	495,575	-	-
Acquisitions (disposals)	-	(6,375)	940,000	2,325,050
Dividend income (Note 37.1)	(524,464)	(458,429)	-	-
Currency differences on translating financial statement	(5,003)	54,259	-	-
Net book amounts as at 31 December	4,036,051	4,030,429	10,416,918	9,476,918



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 14 Investments in subsidiaries, associates and joint ventures (Cont'd)

### 14.1 Subsidiaries

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

	Consolidated			
	Activities	Countries of incorporation	% Ownership interest	
			2014	2013
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

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 14 Investments in subsidiaries, associates and joint ventures (Cont'd)

### 14.1 Subsidiaries (Cont'd)

The significant investments of the Company and its subsidiaries are as follows: (Cont'd)

	Consolidated			
	Activities	Countries of incorporation	% Ownership interest	
			2014	2013
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	100.00
Sri Trang Ayeyar Rubber Industry Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Manufacture of STR block rubber products	Myanmar	59.00	-

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 companies as following.

Company	Countries of incorporation	Registered date	Registered capital	Owner	% Ownership interest
Sri Trang Indochina (Vietnam) Co., Ltd.	Vietnam	14 December 2013	VND 21 billion (equivalent to Baht 32 million)	Sri Trang International Pte Ltd.	100
Sri Trang Ayeyar Rubber Industry Co., Ltd.	Myanmar	9 October 2013	USD 1 million (equivalent to Baht 32 million)	Sri Trang International Pte Ltd.	59
				Mr. Kitichai Sincharoenkul	1
				Ayeyar Hinthar Holdings Co., Ltd.	40

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 14 Investments in subsidiaries, associates and joint ventures (Cont'd)

### 14.1 Subsidiaries (Cont'd)

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

	Relationships	Currencies	2014		2013	
			Amount	(Equivalent)	Amount	(Equivalent)
				Baht Million		Baht Million
Sri Trang Rubber & Plantation Co., Ltd.	A subsidiary	Baht Million	-	940	-	1,670
Sri Trang International Pte Ltd.	An overseas subsidiary	USD Million	-	-	5	161
Rubberland Products Co., Ltd.	A subsidiary	Baht Million	-	-	-	500

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 14 Investments in subsidiaries, associates and joint ventures (Cont'd)

### 14.2 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
2014							
Direct associates							
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	602,489	78,104	707,039	165,637	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	607,086	316,110	1,862,059	39,804	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	94,100	50,760	6,061	(2,891)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	374,702	100,198	261,119	(914)	50.00
Sempermed Singapore Pte Ltd.	Investment holding in the company selling medical gloves	Singapore	90,395	6,029	692	(61,013)	50.00
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Sales of medical gloves	Brazil	52,016	15,799	-	(1,932)	50.00
Shanghai Sempermed Gloves Co., Ltd. (Formerly, Shanghai Foremost Plastic Industrial Co., Ltd. held by Siam Sempermed Corp. Ltd.)	Manufacture of medical gloves	China	52,666	6,295	2,720	799	40.23
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.)	Manufacture of glove formers	Malaysia	35,862	14,609	62,686	3,807	41.43
2013							
Direct associates							
Siam Sempermed Corp. 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 selling of medical gloves	Singapore	152,497	6,808	833	(1,412)	50.00
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Sales 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 Corp. 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

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 14 Investments in subsidiaries, associates and joint ventures (Cont'd)

### 14.2 Associates (Cont'd)

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

	Relationship	Currency	2014		2013	
			(Equivalent)		(Equivalent)	
			Amount	Baht Million	Amount	Baht Million
Pattana Agro Futures Co., Ltd.	An associate	Baht Million	-	-	-	8

### 14.3 Interest in joint ventures

The jointly controlled entity is as follows:

Name	Activities	Countries of incorporation	Baht'000				%
			Assets	Liabilities	Revenues	Profits (losses)	Ownership interest
2014							
Thaitech Rubber Corp. Ltd.	Manufacture of STR block rubber products	Thailand	1,042,898	619,357	2,631,612	(34,076)	33.50
Siam Sempermed Corp. Ltd.*	Manufacture of medical gloves	Thailand	3,029,103	422,109	4,347,984	425,868	40.23
2013							
Thaitech Rubber Corp. Ltd.	Manufacture of STR block rubber products	Thailand	1,482,968	1,014,209	3,657,748	51,494	33.50

\* In June 2014, Siam Sempermed Corp., Ltd. changed the status from associate to joint venture.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 14 Investments in subsidiaries, associates and joint ventures (Cont'd)

### 14.3 Interest in joint ventures (Cont'd)

On 22 January 1989, Sri Trang Agro-Industry Public Company Limited, at that time Sri Trang Agro-Industry Company Limited ("STA"), together with Rubberland Products Company Limited ("Rubberland") and four Thai individuals entered into a joint venture agreement ("JVA") with Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") in order to set up and manage a company called Siam Sempermed Corp., Ltd ("SSC"). Semperit held 50% of the shares in SSC, and the other 50% was held between STA, Rubberland and the other four individual Thai shareholders. Later, Sri Trang Holdings Company Limited and another Thai individual respectively joined SSC to share in the 50% stake held by STA, Rubberland, and original four individual Thai shareholders (the Thai shareholders and non-listed entities in addition to STA are collectively called the "Thai Shareholders"). The proportion of shares held by Semperit on one side, STA together with Thai Shareholders remains 50:50 up until the present day.

As the shareholders collectively have ultimate decision making power with regards to SSC operations; neither Semperit nor STA (together with the Thai Shareholders) alone are able to exercise the majority vote of 51% needed to pass shareholder resolutions, and consequently have control over SSC.

In June 2014, the Thai Shareholders formalised a pre-existing arrangement by entering into a written agreement ("Agreement") whereby the Thai Shareholders explicitly agreed to act in concert with STA regarding their investment in SSC as they have done from the inception. As a result, the accounting treatment in both the separate financial statements of STA, and the consolidated financial statements of STA and its subsidiaries for its investment in SSC has been re-classified from "Investment in Associate" to "Interest in Joint Venture" starting from the date that the Agreement was signed.



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 15 Long-term investments

The movements in long-term investments for the years are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amounts	52,439	59,126	51,521	58,020
Additions	40	-	-	-
Disposals	-	(15)	-	-
Changes in fair values of available-for-sale investments	11,193	(6,672)	11,145	(6,499)
Ending net book amounts	63,672	52,439	62,666	51,521

Long-term investments are analysed as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
At 31 December				
Available-for-sale investments	53,245	42,012	52,239	41,094
General investments	10,427	10,427	10,427	10,427
Total long-term investments	63,672	52,439	62,666	51,521

### Available-for-sale investments

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Available-for-sale investments at cost	32,816	32,776	32,352	32,352
Cumulative changes in fair value	20,429	9,236	19,887	8,742
Total available-for-sale investments at fair value	53,245	42,012	52,239	41,094

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 15 Long-term investments (Cont'd)

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Cumulative net gains from change in fair value	20,429	9,236	19,887	8,742
Effect on deferred income tax	(1,565)	(689)	(1,469)	(646)
Cumulative net gains from change in fair value, net of tax (Note 26)	18,864	8,547	18,418	8,096

### General investments

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
General investments at cost	10,427	10,427	10,427	10,427

The management of the Group is of the opinion that the cost of general investments remains the best unless the investment is impaired.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 16 Property, plant and equipment, net

	Baht'000						
	Consolidated						
	Revaluation basis	Cost basis					
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	Total
<b>At 1 January 2013 - as restated</b>							
Cost	3,328,972	2,301,624	3,625,503	602,805	298,623	1,139,725	11,297,252
Add Surplus on asset revaluation	802,525	616,343	-	-	-	-	1,418,868
Less Cumulative losses from asset revaluation	(81,709)	(59,555)	-	-	-	-	(141,264)
Less Accumulated depreciation	(139,535)	(318,667)	(1,806,234)	(444,294)	(191,898)	-	(2,900,628)
Less Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	3,910,253	2,539,745	1,811,728	158,511	106,725	1,139,725	9,666,687
<b>For the year ended 31 December 2013 - as restated</b>							
Opening net book value	3,910,253	2,539,745	1,811,728	158,511	106,725	1,139,725	9,666,687
Additions	1,840,299	48,439	96,714	96,533	31,581	1,607,718	3,721,284
Transfers in (out)	71,477	620,186	642,022	29,750	18,945	(1,382,380)	-
Disposals and write-offs, net	(1,098)	(217)	(27,126)	(2,799)	(465)	(13,820)	(45,525)
(Reversal of) asset revaluation surplus	913	(13,318)	-	-	-	-	(12,405)
Reversal of (loss) from asset revaluation	(39,219)	2,479	-	-	-	-	(36,740)
Depreciation charges (Note 29)	(45,173)	(167,810)	(421,527)	(51,912)	(34,508)	-	(720,930)
Depreciation capitalised to assets	-	(12,793)	(394)	-	-	-	(13,187)
Currency translation differences, net	(15,257)	(83,140)	(68,166)	(8,366)	(209)	(89,206)	(264,344)
Closing net book value	5,722,195	2,933,571	2,033,251	221,717	122,069	1,262,037	12,294,840

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 16 Property, plant and equipment, net (Cont'd)

		Baht'000					
		Consolidated					
		Cost basis					
		Revaluation basis					
		Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation
							Total
<b>At 31 December 2013 - as restated</b>							
Cost		5,224,164	2,863,426	4,175,646	682,536	335,103	1,262,037
Add Surplus on asset revaluation		803,438	603,025	-	-	-	-
Less Cumulative losses from asset revaluation		(120,928)	(57,383)	-	-	-	-
Less Accumulated depreciation		(184,479)	(475,497)	(2,134,854)	(460,819)	(213,034)	-
Less Allowance for impairment		-	-	(7,541)	-	-	-
Net book value		5,722,195	2,933,571	2,033,251	221,717	122,069	1,262,037
							12,294,840
<b>For the year ended 31 December 2014</b>							
Opening net book value		5,722,195	2,933,571	2,033,251	221,717	122,069	1,262,037
Additions		324,920	74,466	102,996	116,651	42,652	1,897,030
Transfers in (out)		157,743	501,796	718,620	42,000	39,422	(1,459,581)
Disposals and write-offs, net		(235)	(5,341)	(6,878)	(1,661)	(354)	(12,766)
Asset revaluation surplus		462,784	-	-	-	-	-
Loss from asset revaluation		(26,458)	-	-	-	-	-
Depreciation charges (Note 29)		(56,817)	(195,913)	(498,649)	(69,494)	(46,014)	-
Depreciation capitalised to assets		-	(22,696)	(313)	-	-	-
Currency translation differences, net		(1,475)	(3,829)	(6,693)	(1,331)	(150)	(4,238)
Closing net book value		6,582,657	3,282,054	2,342,334	307,882	157,625	1,682,482
							14,355,034

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 16 Property, plant and equipment, net (Cont'd)

		Baht'000					
		Consolidated					
		Revaluation basis		Cost basis			
		Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation
							Total
<b>At 31 December 2014</b>							
Cost		5,703,770	3,422,209	4,867,492	818,019	401,059	1,682,482
Add Surplus on asset revaluation		1,266,222	603,025	-	-	-	-
Less Cumulative losses from asset revaluation		(147,386)	(57,382)	-	-	-	-
Less Accumulated depreciation		(239,949)	(685,798)	(2,517,617)	(510,137)	(243,434)	-
Less Allowance for impairment		-	-	(7,541)	-	-	-
Net book value		6,582,657	3,282,054	2,342,334	307,882	157,625	1,682,482
							14,355,034

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

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

		Baht'000					
		Consolidated					
		Revaluation basis		Cost basis			
		Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation
							Total
<b>At 1 January 2013 - as restated</b>							
Cost		916,762	844,566	1,585,363	154,670	189,028	471,083
Add Surplus on asset revaluation		467,509	398,546	-	-	-	-
Less Cumulative losses from asset revaluation		(55,143)	(44,013)	-	-	-	-
Less Accumulated depreciation		(71,726)	(116,622)	(907,440)	(128,050)	(120,502)	-
Less Allowance for impairment		-	-	(7,541)	-	-	-
Net book value		1,257,402	1,082,477	670,382	26,620	68,526	471,083
							3,576,490
<b>For the year ended 31 December 2013 - as restated</b>							
Opening net book value		1,257,402	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 29)		(17,609)	(57,750)	(160,444)	(10,860)	(20,634)	-
Closing net book value		1,780,827	1,289,495	928,806	41,567	81,805	785,939
							4,908,439
<b>At 31 December 2013 - as restated</b>							
Cost		1,457,636	1,109,316	1,986,883	178,601	212,848	785,939
Add Surplus on asset revaluation		467,509	398,546	-	-	-	-
Less Cumulative losses from asset revaluation		(55,142)	(43,999)	-	-	-	-
Less Accumulated depreciation		(89,176)	(174,368)	(1,050,536)	(137,034)	(131,043)	-
Less Allowance for impairment		-	-	(7,541)	-	-	-
Net book value		1,780,827	1,289,495	928,806	41,567	81,805	785,939
							4,908,439



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 16 Property, plant and equipment, net (Cont'd)

	Baht'000						
	Company						
	Revaluation basis			Cost basis			
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	Total
<b>For the year ended 31 December 2014</b>							
Opening net book value	1,780,827	1,289,495	928,806	41,567	81,805	785,939	4,908,439
Additions	184,767	4,824	69,196	22,098	31,736	991,320	1,303,941
Transfers in (out)	115,671	232,858	379,027	15,738	31,283	(774,577)	-
Disposals and write-offs, net	(93)	(600)	(6,249)	(56)	(175)	(593)	(7,766)
Depreciation charges (Note 29)	(29,275)	(74,595)	(210,135)	(15,191)	(30,052)	-	(359,248)
Closing net book value	2,051,897	1,451,982	1,160,645	64,156	114,597	1,002,089	5,845,366
<b>At 31 December 2014</b>							
Cost	1,757,456	1,344,442	2,328,077	208,487	264,223	1,002,089	6,904,774
Add Surplus on asset revaluation	467,509	398,546	-	-	-	-	866,055
Less Cumulative losses from asset revaluation	(55,142)	(43,999)	-	-	-	-	(99,141)
Less Accumulated depreciation	(117,926)	(247,007)	(1,159,891)	(144,331)	(149,626)	-	(1,818,781)
Less Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	2,051,897	1,451,982	1,160,645	64,156	114,597	1,002,089	5,845,366

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 16 Property, plant and equipment, net (Cont'd)

The Group's land, land improvements, buildings and structures thereon were revalued by independent valuers 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	
	(Restated)		(Restated)	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Asset revaluation surplus	1,869,247	1,406,463	866,055	866,055
<u>Less</u> Accumulated depreciation on asset revaluation surplus	(170,541)	(147,273)	(119,653)	(103,496)
<u>Less</u> Deferred income tax	(228,162)	(128,961)	(55,159)	(56,353)
Asset revaluation surplus, net of accumulated depreciation and deferred income taxes	<u>1,470,544</u>	<u>1,130,229</u>	<u>691,243</u>	<u>706,206</u>

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	
	(Restated)		(Restated)	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Cost	17,760,272	15,430,844	7,408,857	6,235,306
<u>Less</u> Accumulated depreciation	(4,383,299)	(3,719,678)	(1,818,781)	(1,590,677)
<u>Less</u> Allowance for impairment	(7,541)	(7,541)	(7,541)	(7,541)
Net book value	<u>13,369,432</u>	<u>11,703,625</u>	<u>5,582,535</u>	<u>4,637,088</u>

### Consolidated financial statements

The Group's depreciation expense of Baht 757 million (2013: Baht 641 million) was charged in costs of sales and services and of Baht 110 million (2013: Baht 80 million) in administrative expenses.

As at 31 December 2014, certain land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries with the total net book value amounting to Baht 986 million (2013: Baht 1,376 million) are mortgaged as collateral for credit facilities and short-term and long-term loans from banks as explained in Note 23.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 16 Property, plant and equipment, net (Cont'd)

### Company financial statements

The Company's depreciation expense of Baht 311 million (2013: Baht 234 million) was charged in "costs of sales and services" and of Baht 48 million (2013: Baht 33 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	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Cost of assets acquired under finance leases	190,645	210,044	56,645	60,222
<u>Less</u> Accumulated depreciation	(84,525)	(130,366)	(46,832)	(43,212)
Net book value	<u>106,120</u>	<u>79,678</u>	<u>9,813</u>	<u>17,010</u>

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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 17 Rubber and palm plantations, net

	Baht'000			
	Consolidated			
	Rubber		Palm	Total
	Mature	Immature	Mature	
<b>At 1 January 2013 - as restated</b>				
Cost	3,925	266,120	11,023	281,068
<u>Less</u> Accumulated amortisation	(1,791)	-	(4,355)	(6,146)
Net book value	<u>2,134</u>	<u>266,120</u>	<u>6,668</u>	<u>274,922</u>
<b>For the year ended 31 December 2013 - as restated</b>				
Opening net book value	2,134	266,120	6,668	274,922
Additions	-	261,068	-	261,068
Transfers in (out)	2,809	(2,809)	-	-
Amortisation charges (Note 29)	(935)	-	(585)	(1,520)
Depreciation capitalised to asset	-	13,187	-	13,187
Closing net book value	<u>4,008</u>	<u>537,566</u>	<u>6,083</u>	<u>547,657</u>
<b>At 31 December 2013 - as restated</b>				
Cost	6,734	537,566	11,023	555,323
<u>Less</u> Accumulated amortisation	(2,726)	-	(4,940)	(7,666)
Net book value	<u>4,008</u>	<u>537,566</u>	<u>6,083</u>	<u>547,657</u>
<b>For the year ended 31 December 2014</b>				
Opening net book value	4,008	537,566	6,083	547,657
Additions	-	331,386	-	331,386
Transfers in (out)	1,718	(1,937)	219	-
Amortisation charges (Note 29)	(214)	-	(591)	(805)
Depreciation capitalised to asset	(951)	23,960	-	23,009
Closing net book value	<u>4,561</u>	<u>890,975</u>	<u>5,711</u>	<u>901,247</u>
<b>At 31 December 2014</b>				
Cost	8,451	890,975	11,242	910,668
<u>Less</u> Accumulated amortisation	(3,890)	-	(5,531)	(9,421)
Net book value	<u>4,561</u>	<u>890,975</u>	<u>5,711</u>	<u>901,247</u>

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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## 17 Rubber and palm plantations, net (Cont'd)

	Baht'000		
	Company		
	Rubber Mature	Palm Mature	Total
<b>At 1 January 2013 - as restated</b>			
Cost	3,584	5,703	9,287
<u>Less</u> Accumulated amortisation	(1,501)	(2,745)	(4,246)
Net book value	<u>2,083</u>	<u>2,958</u>	<u>5,041</u>
<b>For the year ended 31 December 2013 - as restated</b>			
Opening net book value	2,083	2,958	5,041
Amortisation charges (Note 29)	(162)	(318)	(480)
Closing net book value	<u>1,921</u>	<u>2,640</u>	<u>4,561</u>
<b>At 31 December 2013 - as restated</b>			
Cost	3,584	5,703	9,287
<u>Less</u> Accumulated amortisation	(1,663)	(3,063)	(4,726)
Net book value	<u>1,921</u>	<u>2,640</u>	<u>4,561</u>
<b>For the year ended 31 December 2014</b>			
Opening net book value	1,921	2,640	4,561
Amortisation charges (Note 29)	(161)	(319)	(480)
Closing net book value	<u>1,760</u>	<u>2,321</u>	<u>4,081</u>
<b>At 31 December 2014</b>			
Cost	3,584	5,703	9,287
<u>Less</u> Accumulated amortisation	(1,824)	(3,382)	(5,206)
Net book value	<u>1,760</u>	<u>2,321</u>	<u>4,081</u>

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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## 18 Intangible assets, net

	Computer software	
	Consolidated	Company
	Baht'000	Baht'000
<b>At 1 January 2013</b>		
Cost	77,179	43,147
<u>Less</u> Accumulated amortisation charges	(55,733)	(33,165)
Net book value	<u>21,446</u>	<u>9,982</u>
<b>For the year ended 31 December 2013</b>		
Opening net book value	21,446	9,982
Additions	14,228	8,108
Disposals, net	(2)	-
Amortisation charges (Note 29)	(8,562)	(4,058)
Currency translation differences	(63)	-
Closing net book value	<u>27,047</u>	<u>14,032</u>
<b>At 31 December 2013 - as restated</b>		
Cost	90,786	50,945
<u>Less</u> Accumulated amortisation charges	(63,739)	(36,913)
Net book value	<u>27,047</u>	<u>14,032</u>
<b>For the year ended 31 December 2014</b>		
Opening net book value	27,047	14,032
Additions	14,552	3,058
Disposals, net	(160)	-
Amortisation charges (Note 29)	(9,784)	(4,779)
Currency translation differences	(15)	-
Closing net book value	<u>31,640</u>	<u>12,311</u>
<b>At 31 December 2014</b>		
Cost	101,036	52,370
<u>Less</u> Accumulated amortisation charges	(69,396)	(40,059)
Net book value	<u>31,640</u>	<u>12,311</u>



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 19 Investment properties

The movements in the investment properties are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amount	176,254	160,408	27,770	27,770
Gains (losses) from fair value estimation of investment properties	(6,663)	6,307	-	-
Gains from translation differences	664	9,539	-	-
Ending net book amount	170,255	176,254	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.

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

Investment property 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.

## 20 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	Consolidated		Company	
	(Restated)		(Restated)	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Deferred income tax assets:</b>				
Deferred income tax assets to be recovered within 12 months	78,602	76,376	11,729	35,293
Deferred income tax assets to be recovered after more than 12 months	150,681	132,559	11,850	11,197
	229,283	208,935	23,579	46,490

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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## 20 Deferred income tax (Cont'd)

	Consolidated		Company	
	(Restated)		(Restated)	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Deferred income tax liabilities:</b>				
Deferred income tax liabilities to be settled within 12 months	2,493	4,472	2,492	4,472
Deferred income tax liabilities to be settled after more than 12 months	252,745	142,807	57,737	58,107
	255,238	147,279	60,229	62,579
Deferred income tax - net	(25,955)	61,656	(36,650)	(16,089)

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

	Consolidated		Company	
	(Restated)		(Restated)	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amounts	61,656	(11,511)	(16,089)	(76,733)
Charged/credited to profit or loss	19,421	17,663	(19,932)	(4,197)
Charged/credited to other comprehensive income	(104,854)	66,301	(629)	64,841
Cumulative currency differences on translating financial statement	(2,178)	(10,797)	-	-
Ending net book amounts	(25,955)	61,656	(36,650)	(16,089)

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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		Consolidated							
		(Restated) Cumulative currency differences	(Restated) on translating financial statement	(Restated) Recorded to other comprehensive income	(Restated) 31 December 2013	Recorded to profit or loss	Recorded to other comprehensive income	Cumulative currency differences on translating financial statement	31 December 2014
		Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>Deferred income tax assets</b>									
Tax losses carried forward	153,822	(48,187)	-	-	98,172	13,631	-	(1,109)	110,694
Unrealised gains (losses) on derivative financial instruments	209,750	(171,463)	-	-	35,321	(17,102)	-	(514)	17,705
Allowance for inventory cost in excess of net realisable value	39,473	(25,698)	-	-	16,452	8,075	-	(458)	24,069
Cumulative loss from asset revaluation	20,553	(138)	-	-	19,439	5,628	-	(47)	25,020
Provision for retirement benefit obligations	15,379	1,442	(1,118)	(1,118)	14,930	1,827	(2,581)	774	14,950
Others	15,282	10,896	-	-	24,621	13,041	-	(817)	36,845
	454,259	(233,148)	(1,118)	(1,118)	208,935	25,100	(2,581)	(2,171)	229,283

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
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Consolidated									
	(Restated) Cumulative currency differences on translating financial statement 31 December 2013	(Restated) Recorded to other comprehensive income loss	(Restated) Recorded to other comprehensive income	(Restated) Cumulative currency differences on translating financial statement 31 December 2013	Recorded to profit or loss	Recorded to other comprehensive income	Cumulative currency differences on translating financial statement 31 December 2014		
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000		
Deferred income tax liabilities									
Asset revaluation surplus	196,748	(2,077)	(65,710)	-	128,961	(2,197)	101,397		
Fair value estimation of investment properties	2,313	(1,205)	-	-	1,108	-	-		
Unrealised gains (losses) on derivative financial instruments	7,152	(2,680)	-	-	4,472	(1,979)	-		
Adjustment of inventory from fair value to the lower of cost and net realisable value	256,492	(246,011)	-	(228)	10,253	10,290	(38)		
Others	3,065	1,162	(1,709)	(33)	2,485	(435)	876		
	465,770	(250,811)	(67,419)	(261)	147,279	5,679	102,273		
Deferred income tax assets (liabilities), net	(11,511)	17,663	66,301	(10,797)	61,656	19,421	(104,854)		
							7		
							255,238		
							(25,955)		

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 20 Deferred income tax (Cont'd)

	Company					
	(Restated) 1 January 2013	(Restated) Recorded to profit or loss	(Restated) Recorded to other comprehensive income	(Restated) 31 December 2013	Recorded to profit or loss	Recorded to other comprehensive income
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>Deferred income tax assets</b>						
Tax losses carried forward	21,607	(21,607)	-	-	-	-
Unrealised gains (losses) on derivative financial instruments	9,586	22,413	-	31,999	(20,485)	-
Allowance for inventory cost in excess of net realisable value	1,102	2,191	-	3,293	(3,079)	-
Cumulative loss from asset revaluation	16,464	(8,578)	-	7,886	(1)	-
Provision for retirement benefit obligations	5,936	(3,167)	526	3,295	460	194
Others	36	(19)	-	17	-	-
	54,731	(8,767)	526	46,490	(23,105)	194
						23,579
<b>Deferred income tax liabilities</b>						
Asset revaluation surplus	120,156	(1,194)	(62,609)	56,353	(1,194)	-
Fair value estimation of investment properties	2,314	(1,206)	-	1,108	-	-
Unrealised gains (losses) on derivative financial instruments	6,642	(2,170)	-	4,472	(1,979)	-
Others	2,352	-	(1,706)	646	-	823
	131,464	(4,570)	(64,315)	62,579	(3,173)	823
	(76,733)	(4,197)	64,841	(16,089)	(19,932)	(629)
<b>Deferred income tax assets (liabilities), net</b>						<b>(36,650)</b>

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 21 Other non-current assets

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Refundable deposits	21,587	11,335	9,059	7,958
Others	12,679	9,992	3,660	3,792
Total other non-current assets	34,266	21,327	12,719	11,750

## 22 Trade accounts payable and other payables

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts payable - other companies	1,272,262	2,475,113	701,252	1,250,460
Trade accounts payable - related companies (Note 37.3)	218,285	276,286	278,576	286,672
Accrued expenses	743,523	597,027	413,540	290,916
Deferred income	246,678	289,628	72,839	45,504
Deposits and retentions received from customers	98,753	183,484	20,479	24,589
Total trade accounts payable and other payables	2,579,501	3,821,538	1,486,686	1,898,141

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
USD	250,240	387,007	25,039	17,045
IDR	82,011	83,756	-	-
SGD	1,040	1,213	-	-
RMB	1,386	710	-	-
THB	937,585	2,002,427	676,213	1,233,415
Total trade accounts payable - other companies	1,272,262	2,475,113	701,252	1,250,460



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 23 Borrowings

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Current</b>				
Overdrafts	-	20	-	-
Loans for packing credit	264,184	588,963	264,184	588,963
Short-term loans from financial institutions	8,796,812	12,406,009	3,997,300	5,396,220
Bills payable	347,414	1,228,093	-	-
Total short-term borrowings from financial institutions	9,408,410	14,223,085	4,261,484	5,985,183
Current portion of long-term borrowings from financial institution	140,264	113,404	50,000	-
Current portion of debentures	-	1,600,000	-	1,600,000
Current portion of finance lease liabilities	30,046	17,874	3,585	4,400
Total current borrowings	9,578,720	15,954,363	4,315,069	7,589,583
<b>Non-current</b>				
Long-term borrowings from financial institutions	2,913,462	2,113,726	2,910,000	2,020,000
Debentures	1,450,000	1,450,000	1,450,000	1,450,000
Finance lease liabilities	33,311	28,666	3,980	5,150
Total non-current borrowings	4,396,773	3,592,392	4,363,980	3,475,150
Total borrowings	13,975,493	19,546,755	8,679,049	11,064,733

### 23.1 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 35,361 million, USD 416 million and Rp 10 billion (2013: Baht 30,516 million, USD 418 million and Rp 10 billion). As at 31 December 2014, the Group is no bank overdraft (2013: The overdrafts bear interest at the rate of 7.38% per annum). The loans for packing credit and short-term loans bear interest at the rates ranging from 1.01% to 13.65% per annum (2013: 1.50% to 13.93% per annum)

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 23 Borrowings (Cont'd)

### 23.1 Short-term loans from financial institutions (Cont'd)

#### (a) Consolidated financial statements (Cont'd)

As at 31 December 2014, 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 16, fixed deposits of a subsidiary balance of Baht 7 million and certain of the Company's directors (no fee charged) (2013: Baht 7 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 2014, the Company has facilities of overdrafts, loans for packing credit and short-term loans with several financial institutions totaling Baht 24,224 million (2013: Baht 19,784 million). The loans for packing credit and short-term loans amounting to Baht 4,262 million (2013: 5,985 million) bear interest at the rates ranging from 1.50% to 2.78% per annum (2013: 1.50% to 2.94% 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.

### 23.2 Long-term loans from financial institutions

#### (a) Consolidated financial statements

##### - Rubberland Products Co., Ltd.

The first loan As at 31 December 2014, balance of Baht 37 million (2013: Baht 89 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 2014, balance of Baht 52 million (2013: Baht 112 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.

##### - Anvar Parawood Co., Ltd.

The first loan As at 31 December 2014, balance of Baht 5 million (2013: Baht 6 million), 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.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 23 Borrowings (Cont'd)

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

#### (b) Company financial statements

The first loan As at 31 December 2014, balance of Baht 2,960 million (2013: Baht 2,020 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.

### 23.3 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	
	2014	2013
	Baht'000	Baht'000
Opening balance	3,050,000	2,150,000
Issuing during the year	-	900,000
Redemption during the year	(1,600,000)	-
Ending balance	1,450,000	3,050,000

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 23 Borrowings (Cont'd)

### 23.3 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 2013 (shares)	Redemption during the year (shares)	31 December 2014 (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>3,050,000</u>	<u>(1,600,000)</u>	<u>1,450,000</u>		

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

	Consolidated and Company			
	Carrying amounts		Fair values	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Debentures	<u>1,450,000</u>	<u>3,050,000</u>	<u>1,477,689</u>	<u>3,073,200</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 2014

## 23 Borrowings (Cont'd)

### 23.4 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	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Short-term borrowings</b>				
- at fixed rates	-	20	-	-
- at floating rates	9,408,410	14,223,065	4,261,484	5,985,183
	<u>9,408,410</u>	<u>14,223,085</u>	<u>4,261,484</u>	<u>5,985,183</u>
<b>Long-term borrowings</b>				
- at floating rates	<u>3,053,726</u>	<u>2,227,130</u>	<u>2,960,000</u>	<u>2,020,000</u>
<b>Debentures</b>				
- at fixed rates	<u>1,450,000</u>	<u>3,050,000</u>	<u>1,450,000</u>	<u>3,050,000</u>
<b>Total borrowings</b>				
- at fixed rates	1,450,000	3,050,020	1,450,000	3,050,000
- at floating rates	12,462,136	16,450,195	7,221,484	8,005,183
	<u>13,912,136</u>	<u>19,500,215</u>	<u>8,671,484</u>	<u>11,055,183</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 2014

## 23 Borrowings (Cont'd)

### 23.4 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	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	9,548,674	15,936,489	4,311,484	7,585,183
Later than 1 year but not later than 3 years	1,277,808	1,241,668	1,275,000	1,150,000
Later than 3 years but not later than 5 years	1,325,654	1,638,058	1,325,000	1,636,000
Later than 5 years	1,760,000	684,000	1,760,000	684,000
Total borrowings from financial institutions and debentures	13,912,136	19,500,215	8,671,484	11,055,183

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
USD	2,659,851	3,503,867	-	-
IDR	704,575	1,076,315	-	-
THB	10,547,710	14,920,033	8,671,484	11,055,183
Total borrowings from financial institutions and debentures	13,912,136	19,500,215	8,671,484	11,055,183



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 23 Borrowings (Cont'd)

### 23.5 Finance lease liabilities

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	32,472	19,683	3,878	4,716
Later than 1 year but not later than 5 years	34,517	30,103	4,211	5,496
	66,989	49,786	8,089	10,212
<u>Less</u> future finance charges on finance leases	(3,632)	(3,246)	(524)	(662)
Present values of finance lease Liabilities	63,357	46,540	7,565	9,550
Finance lease liabilities				
- Current	30,046	17,874	3,585	4,400
- Non-current	33,311	28,666	3,980	5,150
	63,357	46,540	7,565	9,550

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	30,046	17,874	3,585	4,400
Later than 1 year but not later than 5 years	33,311	28,666	3,980	5,150
	63,357	46,540	7,565	9,550

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 23 Borrowings (Cont'd)

### 23.6 Borrowing facilities

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

	Consolidated					
	2014			2013		
	Baht'000	USD'000	Million Rupiah	Baht'000	USD'000	Million Rupiah
Floating rate						
- Expiring within one year	30,157,176	314,009	10,000	23,012,777	288,005	10,000

	Company	
	2014	2013
	Baht'000	Baht'000
Floating rate		
- Expiring within one year	20,802,676	15,578,977

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.

## 24 Provision for post-employment benefit obligations

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Present value of unfunded obligation	115,226	106,867	53,448	44,584

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 24 Provision for post-employment benefit obligations (Cont'd)

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	106,867	88,498	44,584	38,469
Current service costs	10,315	20,618	4,870	4,603
Interest costs	5,360	4,463	1,646	1,512
Employee benefits paid	(862)	(132)	(294)	-
Actuarial gains (losses) on defined employee benefit plans	(6,454)	(6,580)	2,642	-
At 31 December	115,226	106,867	53,448	44,584

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Current service costs	10,315	20,618	4,870	4,603
Interest costs	5,360	4,463	1,646	1,512
Total	15,675	25,081	6,516	6,115

Accumulated actuarial gains (losses) on defined employee benefit plans recognised in the other comprehensive income for the year ended 31 December 2014 and 2013 are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Actuarial gains (losses) in the year	6,454	6,580	(2,642)	-
Cumulative actuarial gains	41,204	34,750	3,907	6,549

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 24 Provision for post-employment benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

	Percentage			
	Consolidated		Company	
	2014	2013	2014	2013
Discount rate	3.6	4.3	3.6	4.3
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

## 25 Share capital and share premium

	Consolidated and Company					
	Par value	Number of	Issued and	Ordinary	Share	Total
	(Baht per share)	registered shares (Shares)	paid-up shares (Shares)	shares (Baht'000)	premium (Baht'000)	(Baht'000)
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
At 1 January 2014	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issue of shares	-	-	-	-	-	-
At 31 December 2014	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990

As at 31 December 2014, the total authorised number of ordinary shares was 1,280,000,000 shares (2013: 1,280,000,000 shares) with a par value of Baht 1 per share (2013: Baht 1 per share). 1,280,000,000 shares were issued and fully paid-up (2013: 1,280,000,000 shares).

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 26 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 on available-for-sale investments	Cumulative translation differences	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>For the year ended 31 December 2014</b>					
At 1 January 2014 - as restated	(173,134)	1,130,229	8,547	(453,395)	512,247
Asset revaluation surplus, before tax	-	462,784	-	-	462,784
Asset revaluation surplus, tax	-	(92,557)	-	-	(92,557)
Depreciation transfer on assets					
revaluation, before tax	-	(23,268)	-	-	(23,268)
Depreciation transfer on assets					
revaluation, tax	-	2,197	-	-	2,197
Change in fair value of					
available-for-sale investments,					
before tax (Note 15)	-	-	11,193	-	11,193
Change in fair value of					
available-for-sale investments, tax	-	-	(835)	-	(835)
Change in tax rate used in deferred					
tax recognition	-	(8,841)	(41)	-	(8,882)
Currency translation differences	-	-	-	7,536	7,536
At 31 December 2014	(173,134)	1,470,544	18,864	(445,859)	870,415

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 26 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 on available-for-sale investments	Cumulative translation differences	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>For the year ended 31 December 2013</b>					
- as restated					
At 1 January 2013 - as restated	(173,134)	1,097,991	13,526	(347,928)	590,455
Asset revaluation surplus, before tax	-	(12,405)	-	-	(12,405)
Asset revaluation surplus, tax	-	3,101	-	-	3,101
Depreciation transfer on assets revaluation, before tax	-	(23,145)	-	-	(23,145)
Depreciation transfer on assets revaluation, tax	-	2,077	-	-	2,077
Change in fair value of available-for-sale investments, before tax (Note 15)	-	-	(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	-	62,610	1,225	-	63,835
Currency translation differences	-	-	-	(105,467)	(105,467)
At 31 December 2013 - as restated	<u>(173,134)</u>	<u>1,130,229</u>	<u>8,547</u>	<u>(453,395)</u>	<u>512,247</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 2014

## 26 Other component of equity (Cont'd)

	Company		
	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available- for-sale investments	Total
	Baht'000	Baht'000	Baht'000
<b>For the year ended 31 December 2014</b>			
At 1 January 2014 - as restated	706,206	8,096	714,302
Depreciation transfer on assets revaluation, before tax	(16,158)	-	(16,158)
Depreciation transfer on assets revaluation, tax	1,194	-	1,194
Change in fair value of available-for-sale investments, before tax (Note 15)	-	11,145	11,145
Change in fair value of available-for-sale investments, tax	-	(823)	(823)
At 31 December 2014	<u>691,242</u>	<u>18,418</u>	<u>709,660</u>
<b>For the year ended 31 December 2013 - as restated</b>			
At 1 January 2014 - as restated	658,561	12,889	671,450
Depreciation transfer on assets revaluation, before tax	(16,158)	-	(16,158)
Depreciation transfer on assets revaluation, tax	1,194	-	1,194
Change in fair value of available-for-sale investments, before tax (Note 15)	-	(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	62,609	1,226	63,835
At 31 December 2013 - as restated	<u>706,206</u>	<u>8,096</u>	<u>714,302</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 2014

## 27 Legal reserve

	Consolidated and Company	
	2014	2013
	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.

## 28 Revenues from sales and services

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Revenues from sales of goods	75,529,614	92,136,752	37,058,138	42,938,614
Service income	261	48,429	-	23,838
Total revenues from sales of goods and services	75,529,875	92,185,181	37,058,138	42,962,452

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 29 Expense by nature

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

For the years ended 31 December		Consolidated		Company	
		(Restated)		(Restated)	
		2014	2013	2014	2013
	Notes	Baht'000	Baht'000	Baht'000	Baht'000
Changes in finished goods and work-in-process		3,498,116	(75,616)	1,578,083	125,347
Raw materials and consumables used		49,410,689	63,477,262	26,060,798	30,713,444
(Reversal of) allowance for inventory cost in excess of net realisable value		74,498	(40,667)	(642)	642
Employee costs and key management benefits	30	1,894,366	1,712,133	728,767	658,998
Depreciation charges	16	866,887	720,930	359,248	267,297
Amortisation charges - plantations	17	805	1,520	480	480
Amortisation charges - intangible assets	18	9,784	8,562	4,779	4,058
Transportation and distribution expense		1,108,878	938,292	697,626	597,012
Energy expense		1,079,404	970,936	484,268	400,399
Cess expense		796,569	1,234,360	551,861	791,377

### 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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 30 Employee costs and key management benefits

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Wages and salaries	1,680,541	1,551,284	664,932	608,719
Social security costs	47,577	42,674	17,583	12,785
Provident Fund	17,820	13,028	8,383	7,274
Post-employment benefit expenses	15,675	25,081	6,516	6,115
Other employment benefits	132,753	80,066	31,353	24,105
Total employee costs and key management benefits	1,894,366	1,712,133	728,767	658,998

## 31 Other income

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Income from insurance claim	5,077	92,901	5,077	92,901
Storage income	45,004	32,926	5,181	5,181
Dividend income	1,639	22,895	1,057,449	761,114
Rental income	17,766	15,884	1,689	1,734
Income from sales of scraps	6,760	7,416	2,556	2,962
Office service income	6,178	6,178	12,165	12,165
Income from insurance regain	-	29,772	-	29,772
Others	38,669	52,021	25,475	38,262
Total other income	121,093	259,993	1,109,592	944,091

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 32 Finance costs, net

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Finance income</b>				
Interest income from debentures	39,300	34,563	39,300	34,563
Interest income from bank deposits	7,437	7,347	2,021	1,733
Interest income from customers and brokers	401	535	59	416
Interest income from related parties	2,564	3,615	33,453	30,099
Total finance income	49,702	46,060	74,833	66,811
<b>Finance costs</b>				
Interest expense on bank borrowings	(594,768)	(669,376)	(367,731)	(318,630)
Interest expense on finance leases	(363)	(313)	-	-
Net foreign exchange losses on financing activities	(68,255)	(405,657)	-	-
Total finance costs	(663,386)	(1,075,346)	(367,731)	(318,630)
Finance costs, net	(613,684)	(1,029,286)	(292,898)	(251,819)

## 33 Other gains, net

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Gains from Rubber derivative financial instruments	1,134,826	338,615	875,057	53,359
Other gains, net	1,134,826	338,615	875,057	53,359

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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For the year ended 31 December 2014

## 34 Income tax

The weighted average tax rate for the consolidated financial statements for the year ended 31 December 2014 was 3.7% (2013: 7.5%). The decrease was due to the recognition of tax losses of the current year deferred income tax asset. The weighted average tax rate for the Company financial statements for the year ended 31 December 2014 was 1.4% (2013: 1.6%).

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	
	(Restated)		(Restated)	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Current income tax:</b>				
Current income tax on profit of the years	59,553	167,240	-	10,412
<b>Deferred income tax:</b>				
Origination and reversal of temporary differences	(19,421)	(17,663)	19,932	4,197
Total income tax	40,132	149,577	19,932	14,609



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 34 Income tax (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	
		(Restated)		(Restated)
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	1,076,370	1,986,709	1,461,576	938,971
Tax calculated at domestic tax rates applicable to profits in the respective countries	168,434	255,497	108,010	69,390
Share of tax on profits of associates and joint ventures	(39,543)	(36,623)	-	-
Tax effect of:				
- Income not subject to tax	(66,331)	(99,561)	(65,633)	(89,538)
- Expenses not deductible for tax purpose	(1,220)	15,525	1,259	7,451
- Double deductible expenses	(16,505)	(16,665)	(12,939)	(13,435)
- Change in tax rate	(2,151)	43,246	-	43,152
- Tax losses of the current year for which no deferred income tax asset was recognised	31,110	10,274	-	-
- Tax at concessionary rate of 10% see note (a)	(23,644)	(26,914)	-	-
- Utilisation of previously unrecognised tax losses	2,579	391	-	-
- Under estimation of income tax liability in the prior year	(13)	1,571	-	-
- Others	(12,584)	2,836	(10,765)	(2,411)
Total income tax	40,132	149,577	19,932	14,609

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 34 Income tax (Cont'd)

### 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.

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

	Consolidated					
	2014			(Restated) 2013		
	Tax (charge) credit			Tax (charge) credit		
	Before tax		After tax	Before tax		After tax
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Asset revaluation surplus	462,784	(92,557)	370,227	(12,405)	3,101	(9,304)
Change in tax rate used in deferred tax recognition	-	(9,063)	(9,063)	-	64,361	64,361
Change in fair value of available-for-sale investments	11,193	(835)	10,358	(6,687)	483	(6,204)
Actuarial gains on defined employee benefit plans	6,454	(2,400)	4,054	6,580	(1,646)	4,934
Cumulative translation differences	9,838	(2,177)	7,661	(109,770)	(10,795)	(120,565)
Total income tax charges to other comprehensive income	490,269	(107,032)	383,237	(122,282)	55,504	(66,778)

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 34 Income tax (Cont'd)

### Additional information (Cont'd)

	Company					
	2014			(Restated) 2013		
	Tax (charge) credit			Tax (charge) credit		
	Before tax	After tax		Before tax	After tax	
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Change in tax rate used in deferred tax recognition	-	-	-	-	64,361	64,361
Change in fair value of available-for-sale investments	11,146	(824)	10,322	(6,499)	480	(6,019)
Actuarial gains on defined employee benefit plans	(2,642)	195	(2,447)	-	-	-
Total income tax charges to other comprehensive income	8,504	(629)	7,875	(6,499)	64,841	58,342

## 35 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	
	(Restated)		(Restated)	
	2014	2013	2014	2013
Net profit attributable to owners of the parent (Baht'000)	1,037,762	1,820,184	1,441,643	924,362
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)	0.81	1.42	1.13	0.72

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2014 and 2013

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 36 Dividends

At the Annual General Meeting of Shareholders held on 29 April 2014, it was resolved that dividend be paid to shareholders in respect of 2013 operating results at Baht 0.65 per share, totaling of Baht 832 million. The dividend was paid in May 2014 to the shareholders.

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.

## 37 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.

The Group's ultimate parent is Sri Trang Holdings Company Limited (incorporated in Thailand).

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries  
For the year ended 31 December 2014

## 37 Related party transactions (Cont'd)

The following transactions were carried out with related companies:

### 37.1 Revenue from sales and services and other incomes

For the years ended 31 December	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Revenues from sales to:</b>				
Subsidiaries	-	-	2,828,148	3,081,861
Associates	30,940	3,857,431	-	1,131,915
Joint ventures	3,605,049	-	1,066,311	-
	<u>3,635,989</u>	<u>3,857,431</u>	<u>3,894,459</u>	<u>4,213,776</u>
<b>Service income from:</b>				
Subsidiaries	-	-	57,113	57,729
Associates	19,387	211,781	896	11,323
Joint ventures	261,940	-	14,628	-
	<u>281,327</u>	<u>211,781</u>	<u>72,637</u>	<u>69,052</u>
<b>Dividend income:</b>				
Subsidiaries	-	-	581,999	59,633
Associates	113,453	406,840	100,106	327,000
Joint ventures	411,011	51,589	323,710	51,589
	<u>524,464</u>	<u>458,429</u>	<u>1,005,815</u>	<u>438,222</u>
<b>Rental income:</b>				
Subsidiaries	-	-	851	512
Associates	-	9,912	-	768
Joint ventures	12,102	-	708	-
	<u>12,102</u>	<u>9,912</u>	<u>1,559</u>	<u>1,280</u>
<b>Interest income:</b>				
Subsidiaries	-	-	30,889	26,484
Associates	2,564	3,350	2,564	3,350
	<u>2,564</u>	<u>3,350</u>	<u>33,453</u>	<u>29,834</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 2014

## 37 Related party transactions (Cont'd)

### 37.2 Purchases of goods and services

For the years ended 31 December	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Purchases of goods from:</b>				
Subsidiaries	-	-	1,920,614	4,566,589
Associates	74	714,753	-	602,526
Joint ventures	2,182,365	2,984,188	666,062	-
	<u>2,182,439</u>	<u>3,698,941</u>	<u>2,586,676</u>	<u>5,169,115</u>
<b>Service expenses from:</b>				
Subsidiaries	-	-	859,353	678,997
Associates	2,382	2,580	2,329	2,486
Joint ventures	87	-	-	-
	<u>2,469</u>	<u>2,580</u>	<u>861,682</u>	<u>681,483</u>
<b>Rental expense:</b>				
A Subsidiary	-	-	1,229	1,421

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

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Trade accounts receivable: (Note 10)</b>				
Subsidiaries	-	-	445,418	275,836
Associates	4,019	127,622	-	13,775
Joint ventures	96,248	-	13,726	-
	<u>100,267</u>	<u>127,622</u>	<u>459,144</u>	<u>289,611</u>
<b>Amounts due from futures broker:</b>				
An associate	<u>85,664</u>	<u>152,662</u>	<u>85,664</u>	<u>152,662</u>
<b>Other receivables:</b>				
Subsidiaries	-	-	15,917	20,043
Associates	895	5,774	629	1,135
Joint ventures	4,995	-	8	-
	<u>5,890</u>	<u>5,774</u>	<u>16,554</u>	<u>21,178</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 2014

## 37 Related party transactions (Cont'd)

### 37.3 Outstanding balances arising from sales/purchases of goods/services and other incomes as of 31 December (Cont'd)

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Trade accounts payable: (Note 22)</b>				
Subsidiaries	-	-	162,847	203,278
Associates	10	105,299	-	83,394
Joint ventures	218,275	170,987	115,729	-
	<u>218,285</u>	<u>276,286</u>	<u>278,576</u>	<u>286,672</u>
<b>Other payables:</b>				
Subsidiaries	-	-	23,559	32,875
An associate	470	45,973	-	10
Joint ventures	20,830	-	28	-
	<u>21,300</u>	<u>45,973</u>	<u>23,587</u>	<u>32,885</u>

The carrying amounts of the outstanding balances with related parties are denominated in the following currencies:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Trade accounts receivable: (Note 10)</b>				
USD	-	66	364,100	268,497
THB	100,267	127,556	95,044	21,114
	<u>100,267</u>	<u>127,622</u>	<u>459,144</u>	<u>289,611</u>
<b>Amounts due from futures broker:</b>				
THB	<u>85,664</u>	<u>152,662</u>	<u>85,664</u>	<u>152,662</u>
<b>Other receivables:</b>				
USD	492	490	15,557	19,735
THB	5,398	5,284	997	1,443
	<u>5,890</u>	<u>5,774</u>	<u>16,554</u>	<u>21,178</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 2014

## 37 Related party transactions (Cont'd)

### 37.3 Outstanding balances arising from sales/purchases of goods/services and other incomes as of 31 December (Cont'd)

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Trade accounts payable: (Note 22)</b>				
USD	-	170,987	85,594	31,493
THB	218,285	105,299	192,982	255,179
	<u>218,285</u>	<u>276,286</u>	<u>278,576</u>	<u>286,672</u>
<b>Other payables:</b>				
USD	-	-	2,490	3,991
THB	21,300	45,973	21,097	28,894
	<u>21,300</u>	<u>45,973</u>	<u>23,587</u>	<u>32,885</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 2014, there is no allowance for impairment against receivables from related parties (2013: Nil).

As at 31 December 2014 and 2013, 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.

### 37.4 Outstanding balances arising from long-term borrowing to subsidiaries and an associate

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Accrued interest income:</b>				
Subsidiaries	-	-	12,078	12,029
An associate	-	995	-	994
	<u>-</u>	<u>995</u>	<u>12,078</u>	<u>13,023</u>
<b>Long-term borrowing to:</b>				
Subsidiaries	-	-	992,656	988,572
An associate	-	65,356	-	65,356
	<u>-</u>	<u>65,356</u>	<u>992,656</u>	<u>1,053,928</u>

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 37 Related party transactions (Cont'd)

### 37.4 Outstanding balances arising from long-term borrowing to subsidiaries and an associate (Cont'd)

Long-term borrowing to subsidiaries and can be summarised as follows:

	Relationship	Company			
		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	331	2.66	3 years
	An indirect				
PT Star Rubber	subsidiary	15	496	3.33	5 years

The movements in the balance of long-term borrowing to subsidiaries are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	65,356	60,775	1,053,928	60,775
Increase (Decrease)	(65,356)	-	(65,356)	900,000
Unrealised gains on exchange rate	-	4,581	4,084	93,153
Total	-	65,356	992,656	1,053,928

### 37.5 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	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
Salaries and other short-term employee benefits	263,671	293,236	55,878	74,252
Post-employment benefits	3,014	2,815	1,334	1,203
Total	266,685	296,051	57,212	75,455

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

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## 38 Financial instruments by category

	Consolidated			
	31 December 2014			
	Assets at fair value			Total
	Loans and receivables	through the profit and loss	Available-for-sale	
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	2,131,619	-	-	2,131,619
Derivative financial instruments	-	89,767	-	89,767
Trade accounts receivable, net	4,380,983	-	-	4,380,983
Amounts due from futures brokers	392,450	-	-	392,450
Fixed deposits pledged as collateral	34,586	-	-	34,586
Long-term investments	-	-	63,672	63,672
Total	6,939,638	89,767	63,672	7,093,077

	Consolidated		
	31 December 2014		
	Liabilities at fair value		Total
	through the profit and loss	Other financial liabilities	
	Baht'000	Baht'000	Baht'000
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	1,490,547	1,490,547
Short-term loans from financial institutions	-	9,408,410	9,408,410
Current portion of long-term loans	-	140,264	140,264
Current portion of finance lease liabilities	-	30,046	30,046
Derivative financial instruments	212,827	-	212,827
Long-term loans from financial institutions	-	2,913,462	2,913,462
Debentures	-	1,450,000	1,450,000
Finance lease liabilities	-	33,311	33,311
Total	212,827	15,466,040	15,678,867

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 38 Financial instruments by category (Cont'd)

	Company			
	31 December 2013			
	Assets at fair value			Total
	Loans and receivables	through the profit and loss	Available-for-sale	
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets as per statement of financial position</b>				
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 borrowing to an associate	65,356	-	-	65,356
Fixed deposits pledged as collateral	61,185	-	-	61,185
Long-term investments	-	-	52,439	52,439
Total	9,519,145	75,974	52,439	9,647,558

	Company		
	31 December 2013		
	Liabilities at fair value		Total
	through the profit and loss	Other financial liabilities	
	Baht'000	Baht'000	Baht'000
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	2,751,399	2,751,399
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	22,298,154	22,831,005

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 38 Financial instruments by category (Cont'd)

	Company			
	31 December 2014			
	Assets at fair value			Total
	Loans and receivables	through the profit and loss	Available-for-sale	
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets as per statement of financial position</b>				
Cash and cash equivalents	351,506	-	-	351,506
Derivative financial instruments	-	33,731	-	33,731
Trade accounts receivable, net	2,121,894	-	-	2,121,894
Amounts due from futures brokers	85,664	-	-	85,664
Long-term borrowing to subsidiaries and an associate	992,656	-	-	992,656
Fixed deposits pledged as collateral	13,623	-	-	13,623
Long-term investments	-	-	62,666	62,666
Total	3,565,343	33,731	62,666	3,661,740

	Company		
	31 December 2014		
	Liabilities at fair value		Total
	through the profit and loss	Other financial liabilities	
	Baht'000	Baht'000	Baht'000
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	979,828	979,828
Short-term loans from financial institutions	-	4,261,484	4,261,484
Current portion of long-term loans from financial institutions	-	50,000	50,000
Current portion of finance lease liabilities	-	3,585	3,585
Derivative financial instruments	155,820	-	155,820
Long-term loans from financial institutions	-	2,910,000	2,910,000
Debentures	-	1,450,000	1,450,000
Finance lease liabilities	-	3,980	3,980
Total	155,820	9,658,877	9,814,697



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 38 Financial instruments by category (Cont'd)

	Company			
	31 December 2013			
	Assets at fair value			Total
	Loans and receivables	through the profit and loss	Available-for-sale	
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets as per statement of financial position</b>				
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 borrowing to subsidiaries and an associate	1,053,928	-	-	1,053,928
Fixed deposits pledged as collateral	13,128	-	-	13,128
Long-term investments	-	-	51,521	51,521
<b>Total</b>	<b>5,542,453</b>	<b>60,511</b>	<b>51,521</b>	<b>5,654,485</b>

	Company		
	31 December 2013		
	Liabilities at fair value		Total
	through the profit and loss	Other financial liabilities	
	Baht'000	Baht'000	Baht'000
<b>Liabilities as per statement of financial position</b>			
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
<b>Total</b>	<b>433,016</b>	<b>12,601,865</b>	<b>13,034,881</b>

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 39 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	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Deposits held at call with banks</b>				
Aa1	44,588	34,548	-	-
Aa2	32,355	52,180	-	-
Aa3	166,998	9,643	-	-
A1	252,415	237,686	68,189	25
A2	-	114,266	-	110,076
A3	318,412	479,504	100,158	144,685
Baa1	540,275	698,345	151,227	264,728
Baa2	24,006	1,901	16,693	383
Baa3	701,762	227,889	10,512	19,215
No rating	30,497	9,008	-	340
Total deposits held at call with banks	2,111,308	1,864,970	346,779	539,452

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Trade accounts receivable</b>				
Counterparties without external credit rating				
Group 1	1,945,488	657,652	1,667,626	357,357
Group 2	2,147,155	5,535,080	454,268	3,406,664
Group 3	288,340	986,327	-	-
Total unimpaired trade accounts receivable	4,380,983	7,179,059	2,121,894	3,764,021

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 39 Credit quality of financial assets (Cont'd)

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Derivative financial instruments</b>				
Counterparties with external credit rating				
Aa1	-	16,275	-	15,945
Aa2	3,917	10,996	-	10,411
A2	-	130	-	130
A3	3,305	-	-	-
Counterparties without external credit rating				
Group 2	82,545	48,573	33,731	34,025
Total derivative financial instruments	89,767	75,974	33,731	60,511

	Consolidated		Company	
	2014	2013	2014	2013
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Fixed deposits pledged as collateral</b>				
Aa2	2,406	23,083	-	-
A2	-	16,407	-	-
Baa1	32,180	21,695	13,623	13,128
Total fixed deposits pledged as collateral	34,586	61,185	13,623	13,128

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 2014

## 40 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 2014 and 2013 of the Group are summarised as follows:

	2014			2013		
	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	30,576,770	41,399,599	71,976,369	35,170,866	56,163,993	91,334,859
Domestic sales and service income, net	6,819,914	10,634,257	17,454,171	8,198,482	12,868,187	21,066,669
Total	37,396,684	52,033,856	89,430,540	43,369,348	69,032,180	112,401,528
Intersegmental balances			(13,900,665)			(20,216,347)
Total			<u>75,529,875</u>			<u>92,185,181</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 2014

## 41 Contingent liabilities and commitments

### 41.1 Sales and purchases commitments

The Group and the Company are committed to certain sales and purchases. Some of the contractual prices are fixed and 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
	2014	2014
	Baht'000	Baht'000
Purchases from:		
A joint venture	222,138	-
Third parties	1,975,143	-
	<u>2,197,281</u>	<u>-</u>
Sales to:		
A joint venture	927,803	81,483
Third parties	19,340,836	8,577,772
	<u>20,268,639</u>	<u>8,659,255</u>

### 41.2 Capital commitments

The Group and the Company has capital commitments as follows:

	Consolidated	Company
	2014	2014
	Baht'000	Baht'000
Capital commitments	<u>1,081,360</u>	<u>60,490</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 2014

## 41 Contingent liabilities and commitments (Cont'd)

### 41.3 Commitments to guarantee borrowings of subsidiaries, associates, and a joint venture and contingent liabilities

41.3.1 The Group and the Company have commitments to guarantee the borrowings of subsidiaries, an associates and a joint venture as follows:

	Relationships	Currencies	31 December 2014	
			Amount	(Equivalent) Baht Million
Sri Trang USA, Inc.	An overseas subsidiary	USD Million	40	1,333
PT Sri Trang Lingga Indonesia	An overseas subsidiary	USD Million	31	1,043
		Rupiah Billion	165	439
PT Star Rubber	An overseas subsidiary	USD Million	8	265
Thaitech Rubber Corp., Ltd.	A joint venture	Baht Million	-	37
Sempermed USA, Inc.	An overseas associated company	USD Million	1	33

41.3.2 The Group has contingent liabilities for bank guarantees issued in favor of government agency totaling Baht 67 million and has pledged its fixed deposits of Baht 14 million as collateral for these bank guarantees.



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 41 Contingent liabilities and commitments (Cont'd)

### 41.4 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
	2014	2014
	Baht '000	Baht '000
Not later than 1 year	99,183	34,514
Later than 1 year but not later than 5 years	121,681	34,757
Later than 5 years	1,105	-
Total	221,969	69,271

## 42 Commercial dispute relating to the Joint Venture Agreement

On 5 September 2014, Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") filed requests for arbitration in Switzerland to the ICC International Court of Arbitration, alleging that (a) the Company; (b) Rubberland Products Co., Ltd. ("Rubberland") (a subsidiary); and (c) other shareholders of Siam Sempermed Corp., Ltd. ("SSC") (a joint venture company) had breached the Joint Venture Agreement and other related agreements. Semperit claimed initial damages of approximately EUR 35 million (equivalent to approximately Baht 1,412 million) and requested the arbitral tribunal to issue an order demanding that the Company and Rubberland (and other shareholders of SSC) undertake or refrain from undertaking any act with respect to the management of SSC.

The Company and Rubberland entered into the Joint Venture Agreement and related agreements and have complied with the agreements since their execution. The dispute arose because the parties to the Joint Venture Agreement did not agree on the business plan of SSC in order to maintain and enhance its business competitiveness. In this regard, the Company and Semperit had entered into several negotiations in order to solve the conflicts among the parties for the maximum benefit of SSC but these efforts had proved to be unsuccessful results.

According to the legal advisor of the Company, the management of the Company believes that the Company is not obligated to pay the initial damages of approximately EUR 35 million as stated in the requests for arbitration submitted by Semperit because the Company and Rubberland did not breach any provision of the Joint Venture Agreement and other related agreements with Semperit, as the contractual parties. Furthermore, the allegations made by Semperit are not supported by any concrete evidence. Therefore, the management of the Company believes that the outcome of these disputes should not have any material impact upon the operation or the financial position of the Company and its subsidiaries.

# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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Sri Trang Agro-Industry Public Company Limited and its subsidiaries

For the year ended 31 December 2014

## 42 Commercial dispute relating to the Joint Venture Agreement (Cont'd)

In addition to the requests for arbitration proceedings against the Company and Rubberland as the shareholders of SSC, Semperit filed another request for arbitration against SSC. Semperit alleged that SSC had breached the JVA and other commercial agreements between SSC and Semperit. Semperit claimed initial damages of approximately EUR 3 million (equivalent to approximately Baht 121 million). According to the legal advisor of the Company, the management of the Company believes that SSC is not obligated to pay the damages of approximately EUR 3 million as stated in the request for arbitration submitted by Semperit because the allegations made by Semperit are not supported by concrete evidence and are not consistent with the agreements and long-standing practice between the parties. Therefore, the management of the Company believes that the result of the dispute should not have any material impact upon the operation and financial position of SSC and the Company.

The Company and SSC have already filed answers to the requests for arbitration. These disputes are pending the appointment of the chairman of the arbitral tribunals.

In order to be conservative, the management of the Company has set aside accrued expenses in the financial statements with respect to defending the dispute in the arbitral proceedings.

## 43 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 4,700 million to Baht 4,950 million by registering additional 2,500,000 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 21 January 2015.

# Auditor's Remuneration

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## Audit Fee

Audit fee for the year 2014 of STA and its subsidiaries was Baht 7,854,000 which consisted of audit fee of stand-alone financial statements in amount of Baht 6,065,000 and audit fee of STA's subsidiaries in amount of Baht 1,789,000.

## Non-Audit Fee

Non-audit fee for the year 2014 of STA and its subsidiaries of Baht 2,221,500 was for BOI audit, consulting services on accounting principles and staff training of which has already been paid in full.

# Reference Persons



## 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

Miss Sakuna Yamsakul, Certified Public Accountant (Thailand)  
No. 4906; or

Mr. Boonlert Kamolchanokkul, Certified Public Accountant  
(Thailand) No. 5339

### **PricewaterhouseCoopers ABAS Limited**

15<sup>th</sup> 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 for STA No. 1/2011 and STA No. 1/2013

### **Siam Commercial Public Company Limited**

9 Ratchadapisek Road, Chatuchak, Bangkok, 10900 Thailand

Telephone : 66-2256-2323

Fax : 66-2256-2414

## 5. Debenture Holder's Representative for STA No. 1/2011

### **Kasikornbank Public Company Limited**

1 Soi Ratburana 27/1, Ratburana Road, Ratburana, 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	:	66-7434-4677, 66-7423-7423, 0-7423-7832
Type of Business	:	Production and export of RSS, TSR and Concentrated Latex
Registration No.	:	0107536001656
Website	:	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

<b>Head Office</b>	:	10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
<b>Branch Office</b>	:	1) 99 Moo 3 Padangbazar Road, Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand 2) 41 Moo 3 Padangbazar Road, Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
<b>Type of Business</b>	:	Production and export of RSS, TSR and Concentrated Latex
<b>Telephone</b>	:	66-7437-9984-6, 66-7437-9988-9
<b>Fax</b>	:	66-7437-9987
<b>Type of Shares</b>	:	Ordinary shares
<b>Total number of shares directly held by STA</b>	:	4,999,994 shares or 99.99%

## 2. Anvar Parawood

<b>Head Office</b>	: 101 Moo 3, Padangbazar Road, Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
<b>Branch office</b>	: 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
<b>Type of Business</b>	: Lumber production and manufacture of wooden furniture
<b>Telephone</b>	: 66-7437-9978-9
<b>Fax</b>	: 66-7437-9976
<b>Type of shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 9,994 shares or 99.94%

## 3. Premier System Engineering

<b>Head Office</b>	: 123 Moo 8, Kanjanavanit Road, Ban Phu Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand
<b>Branch Office</b>	: 133 Rak Phu Road, Ban Phu Subdistrict, Hatyai District, Songkhla Province, 90250 Thailand
<b>Type of Business</b>	: Engineering services, design, installation and maintenance machinery
<b>Telephone</b>	: 66-7447-1480-3, 66-7447-1368
<b>Fax</b>	: 66-7447-1290, 66-7447-1430, 66-7447-1506
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 409,996 shares or 81.99%

## 4. Rubberland Products

<b>Head Office</b>	: 109 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
<b>Branch Office</b>	: 1) 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand 2) 17 <sup>th</sup> Floor, Park Venture Ecoplex, Unit 1701, 1707-1712 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3) 338 Moo 2, Nonsomboon Subdistrict, Mueang Bungan District, Bungan Province, 38000 Thailand 4) 338 Moo 1, Kokma Subdistrict, Prakonchai District, Buriram Province, 31140 Thailand 5) 188 Moo 10, Bangsaiyai Subdistrict, Mueang Mukdahan Subdistrict, Mukdahan Province, 49000 Thailand
<b>Type of Business</b>	: Production of Concentrated Latex/ Block rubber
<b>Telephone</b>	: 66-7429-1223-4, 66-7429-1755, 66-7429-1476
<b>Fax</b>	: 66-7429-1477
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 15,999,994 shares or 99.99%

## 5. SSC

<b>Head Office</b>	: 110 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
<b>Branch Office</b>	: 1) 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand 2) 17 <sup>th</sup> Floor, Park Ventures Ecoplex, Unit 1701, 1707-1712 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3) 109/2 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand 4) 352 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand 5) 189 Moo 7, Plaiwas Subdistrict, Karnchanadit District, Surat Thani Province, 84160 Thailand 6) 39/1 Moo 9, Tungkai Subdistrict, Yantakao District, Trang Province, 92140 Thailand
<b>Type of Business</b>	: Production of examination gloves
<b>Telephone</b>	: 66-7447-1471, 66-7429-1648-9, 66-7429-1471-5
<b>Fax</b>	: 66-7429-1650
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 6,300 shares or 31.50%

## 6. Semperfex Asia

<b>Head Office</b>	: 110/1 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
<b>Branch Office</b>	: 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
<b>Type of Business</b>	: Production of high-pressure hydraulic hoses
<b>Telephone</b>	: 66-7447-1231-5
<b>Fax</b>	: 66-7447-1230
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 1,425,000 shares or 37.50%

## 7. Sadao P.S. Rubber

<b>Head Office</b>	: 207/1 Padangbazar Road, Sadao Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
<b>Type of Business</b>	: Production of RSS
<b>Telephone</b>	: 66-7446-0483-5, 66-86489-5264-5
<b>Fax</b>	: 66-7446-0484
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 399,994 shares or 99.99%



#### 8. Starlight Express Transport

<b>Head Office</b>	: 13/1 Jingjit Road, Thupthiang Subdistrict, Mueang District, Trang Province, 92000 Thailand
<b>Type of Business</b>	: Provision of logistics services
<b>Telephone</b>	: 66-7550-2900-2
<b>Fax</b>	: 66-7550-2903
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 114,998 shares or 76.66%

#### 9. Startex Rubber

<b>Head Office</b>	: 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
<b>Type of Business</b>	: Ownership and management of rubber and oil palm plantations
<b>Telephone</b>	: 66-7550-2900-2
<b>Fax</b>	: 66-7550-2903
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 419,995 shares or 83.99%

#### 10. Thai Tech Rubber

<b>Head Office</b>	: 2 Juti Utit 3 Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
<b>Type of Business</b>	: Production of TSR
<b>Telephone</b>	: 66-7423-0768, 66-7423-0406-7, 66-7423-9063-4
<b>Fax</b>	: 66-7423-8650
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 200,998 shares or 33.50%

#### 11. Pattana Agro Futures

<b>Head Office</b>	: Wallstreet Tower, G Floor, 33/19 Surawongse Road, Surawongse Subdistrict, Bangrak District, Bangkok, 10500 Thailand
<b>Type of Business</b>	: Brokerage activities
<b>Telephone</b>	: 66-2632-8826
<b>Fax</b>	: 66-2632-8825
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 4,000,000 shares or 40.00%

## 12. Sri Trang Rubber & Plantation

<b>Head Office</b>	: 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
<b>Branch Office</b>	: 55 Moo 7, Suthep Subdistrict, Mueang Chiang Mai District, Chiang Mai Province, 52000 Thailand
<b>Type of Business</b>	: Ownership and management of rubber plantation
<b>Telephone</b>	: 66-5380-4296
<b>Fax</b>	: 66-5380-4297
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 38,999,993 shares or 99.99%

## 13. Sri Trang International

<b>Head Office</b>	: 1 Raffles Place No. 38-02, One Raffles Place, 048616, Singapore
<b>Type of Business</b>	: Natural rubber wholesaler in Singapore
<b>Telephone</b>	: 65-6532-5210, 65-6532-5321
<b>Fax</b>	: 65-6532-7501
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 52,000,000 shares or 100.00%

## 14. Sri Trang USA, Inc.

<b>Head Office</b>	: 5401 W. Kennedy Boulevard, Suite 760, Tampa, Florida 33609 United States
<b>Type of Business</b>	: Natural rubber wholesaler in the United States
<b>Telephone</b>	: 1-813-606-4301
<b>Fax</b>	: 1-813-606-5431
<b>Type of Shares</b>	: Common stock
<b>Total number of shares directly held by STA</b>	: 1,000 shares or 100.00%

## 15. Sempermed USA, Inc.

<b>Head Office</b>	: 13900, 49 <sup>th</sup> Street North, Clearwater, Florida, 33762, United States
<b>Type of Business</b>	: Distribution of examination gloves in the United States
<b>Telephone</b>	: 1-800-366-9545
<b>Fax</b>	: 1-800-763-5491
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 1,000 shares or 25.00%

## 16. Shanghai Sempermed

<b>Head Office</b>	: Room 1104, Building 11, No. 518, Xinhuan Highway, Songjiang District, Shanghai, 201612, Peoples Republic of China
<b>Type of Business</b>	: Wholesale, commission agency, and import & export of plastic and rubber gloves
<b>Telephone</b>	: 86-21-5760-9297, 86-21-5760-9289
<b>Fax</b>	: 86-21-5760-9389
<b>Type of Capital</b>	: Registered capital
<b>Total amount of capital directly held by SSC</b>	: USD 1,000,000 or 100.00%

## 17. Shanghai Semperit Rubber &amp; Plastic Products

<b>Head Office</b>	: No. 1155, Cang Gong Road, Chemical Industry Park, Shanghai, Peoples Republic of China
<b>Type of Business</b>	: Manufacture of escalator handrails
<b>Telephone</b>	: 86-21-3711-1788
<b>Fax</b>	: 86-21-6409-0850
<b>Type of Interest</b>	: Equity
<b>Total interest directly held by STA</b>	: 10.00%

## 18. PT Sri Trang Lingga Indonesia

<b>Head Office</b>	: Jalan TPA2, RT.26 & 29 Keramasan, Palembang, South Sumatera, Palembang 30259, PO Box 1230, Indonesia
<b>Type of Business</b>	: Production of block rubber
<b>Telephone</b>	: 62-711-445-666
<b>Fax</b>	: 62-711-445-222
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 18,000 shares or 90.00%

## 19. Semperflex Shanghai

<b>Head Office</b>	: 1255 Cang Gong Road, Shanghai Chemical Industrial Zone, Fengxian Sub-zone, Shanghai 201417, Peoples Republic of China
<b>Type of Business</b>	: Production of high-pressure hydraulic hoses
<b>Telephone</b>	: 86-21-3758-1133
<b>Fax</b>	: 86-21-3758-1133 Ext 300
<b>Type of Interest</b>	: Equity
<b>Total interest directly held by STA</b>	: 50.00%

## 20. Sempermed Singapore

<b>Head Office</b>	: 4 Battery Road, #25-01 Bank of China Building, 049908, Singapore
<b>Type of Business</b>	: Investment holding in Sempermed Brasil
<b>Telephone</b>	: N/A
<b>Fax</b>	: N/A
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by STA</b>	: 4,000,000 shares or 50.00%

## 21. Sempermed Brasil

<b>Head Office</b>	: Rua João Franco de Oliveira, No. 750 – Unileste, City of Piracicaba – State of São Paulo, Brazil (Zip Code: 13.422-160)
<b>Type of Business</b>	: Distribution and marketing of natural rubber gloves and synthetic rubber in Brasil
<b>Telephone</b>	: N/A
<b>Fax</b>	: N/A
<b>Type of Capital</b>	: Quotas
<b>Total number of quotas held by Sempermed Singapore</b>	: 12,546,638 shares or approximately 100.00%

## 22. Shi Dong Investments

<b>Head Office</b>	: 1 Raffles Place No.38-02, One Raffles Place, 048616, Singapore
<b>Type of Business</b>	: Investment holding in PT Star Rubber
<b>Telephone</b>	: 65-6532-5210, 65-6532-5321
<b>Fax</b>	: 65-6532-7501
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by Sri Trang International</b>	: 100.00%

## 23. PT Star Rubber

<b>Head Office</b>	: Jalan Trans Kalimantan KM. 16, Desa Jawa Tengah Kec. Sungai Ambawang, Kab Kubu Raya-Kalbar, Pontianak 78393, Kalimantan Barat, PO Box 7864, Indonesia
<b>Type of Business</b>	: Production of block rubber
<b>Telephone</b>	: 62-561-724-888, 62-561-724-591-2
<b>Fax</b>	: 62-561-724-593
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by Shi Dong Investment Pte. Ltd.</b>	: 99.00%

#### 24. Shi Dong Shanghai Rubber

<b>Head Office</b>	: Unit 2701, Wheelock square, No.1717 West Nanjing Road, Jing'an District, Shanghai, 200040, Peoples Republic of China
<b>Type of Business</b>	: Distribution of Natural Rubber Products in PRC
<b>Telephone</b>	: 86-21-6413-7860
<b>Fax</b>	: 86-21-6413-7315
<b>Type of Interest</b>	: Equity
<b>Total interest held by STA</b>	: USD 5,000,000 or 100.00%

#### 25. Sri Trang Indochina (Vietnam)

<b>Head Office</b>	: Room No 7.01A, 7 <sup>th</sup> Floor, Vietnam Business Center Building, 57-59 Ho Tung Mau Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
<b>Type of Business</b>	: Trading and exporting the rubber products
<b>Telephone</b>	: 848-3821-6869
<b>Fax</b>	: 848-3821-6877
<b>Type of Shares</b>	: Ordinary shares
<b>Total number of shares directly held by Sri Trang International</b>	: 100.00%

#### 26. Formtech Engineering (M) Sdn. Bhd.

<b>Head Office</b>	: Lot 135, Jalan Permata 1/4, Arab-Malaysian Industrial Park 71800 Nilai, Negeri Sembilan, Malaysia
<b>Type of Business</b>	: Production and distribution mold for glove production line
<b>Telephone</b>	: 060-6799-5952
<b>Fax</b>	: 060-6799-5951
<b>Type of Interest</b>	: Equity
<b>Total number of shares directly held by Sempermed Singapore</b>	: 82.86%

#### 27. Sri Trang Ayeyar Rubber Industry

<b>Head Office</b>	: Mudon Crumb Rubber Factory, 828/1221 Kankalay Plot, Kyone Phite Village, Mudon Township, 12081, Mawlamyine, Mon State, Myanmar
<b>Type of Business</b>	: Production of block rubber
<b>Telephone</b>	: 9592-5014-3081
<b>Fax</b>	: N/A
<b>Type of Interest</b>	: Equity
<b>Total number of shares directly held by Sri Trang International</b>	: 59.00%

# 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 Ltd.
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 Co., Ltd.
Shanghai Sempermed	: Shanghai Sempermed Glove Sales Co., Ltd.
Shi Dong Investments	: Shi Dong Investments Pte. Ltd.
Shi Dong Shanghai	: Shi Dong Shanghai Rubber Co., Ltd.
Sri Trang Ayeyar	: Sri Trang Ayeyar Rubber Industry Company Limited
Sri Trang Indochina	: Sri Trang Indochina (Vietnam) Co., Ltd.
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

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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, SGX	: 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

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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 Brasil
SGD or Singapore Dollar	: The lawful currency of the Republic of Singapore
US\$ or US Dollar	: The lawful currency of the United States







## **Sri Trang Agro-Industry Public Company Limited**

10 Soi 10, Phetkasem Road, Hatyai, Songkhla 90110, Thailand

Tel +66-7434-4663 Fax +66-7434-4677, +66-7423-7423, +66-7423-7832

[www.sritranggroup.com](http://www.sritranggroup.com)