



# YEAR OF **STRONG** **MANAGEMENT** **TEAM**

ANNUAL REPORT 2015



SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED



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**“Excellent Plantation  
Management”**









**“ Superior Raw  
Materials ”**













**“ Uncompromising  
Production  
Standards ”**





# “Flawless Logistics Systems”















**“Strong  
Management Team”**







## VISION

“PASSIONATELY, WE DRIVE  
POSSIBILITIES”  
>>the green rubber company>>



## MISSION

“YEAR OF STRONG  
MANAGEMENT TEAM”





## CORE VALUE

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



### COLLABORATION

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



### ENDLESS LEARNING

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



## TOTAL GREEN PROCESS

from upstream through downstream



Sri Trang Agro-Industry Public Company Limited (“STA”) is world’s leading fully integrated natural rubber company with a market share of 9% of global consumption. STA offers a full range of Natural Rubber Products, including Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex, with a total production capacity of 1.5 million tons per annum.



# WORLD'S LARGEST

Midstream Natural Rubber Producer



## RUBBER PLANTATION

- Our rubber plantations are managed by a team of highly experienced managers. We currently have more than

**8,264 hectares**

for rubber plantation in 19 provinces of Thailand

## PROCESSING

- 1,524,000 tons capacity of natural rubber per annum

**30 processing facilities**

in Thailand, Indonesia and Myanmar



- Cover full range of products from TSR, RSS and Concentrated Latex



TSR



RSS

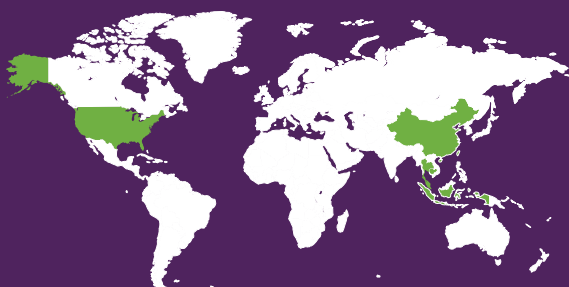


LATEX

## SALES & DISTRIBUTION

- 6 trading and distribution centers in key strategic countries, namely

**China, Singapore, Thailand, Indonesia, USA, and Vietnam**

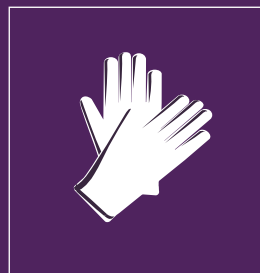


## DOWNSTREAM BUSINESS

**14 billion pieces**

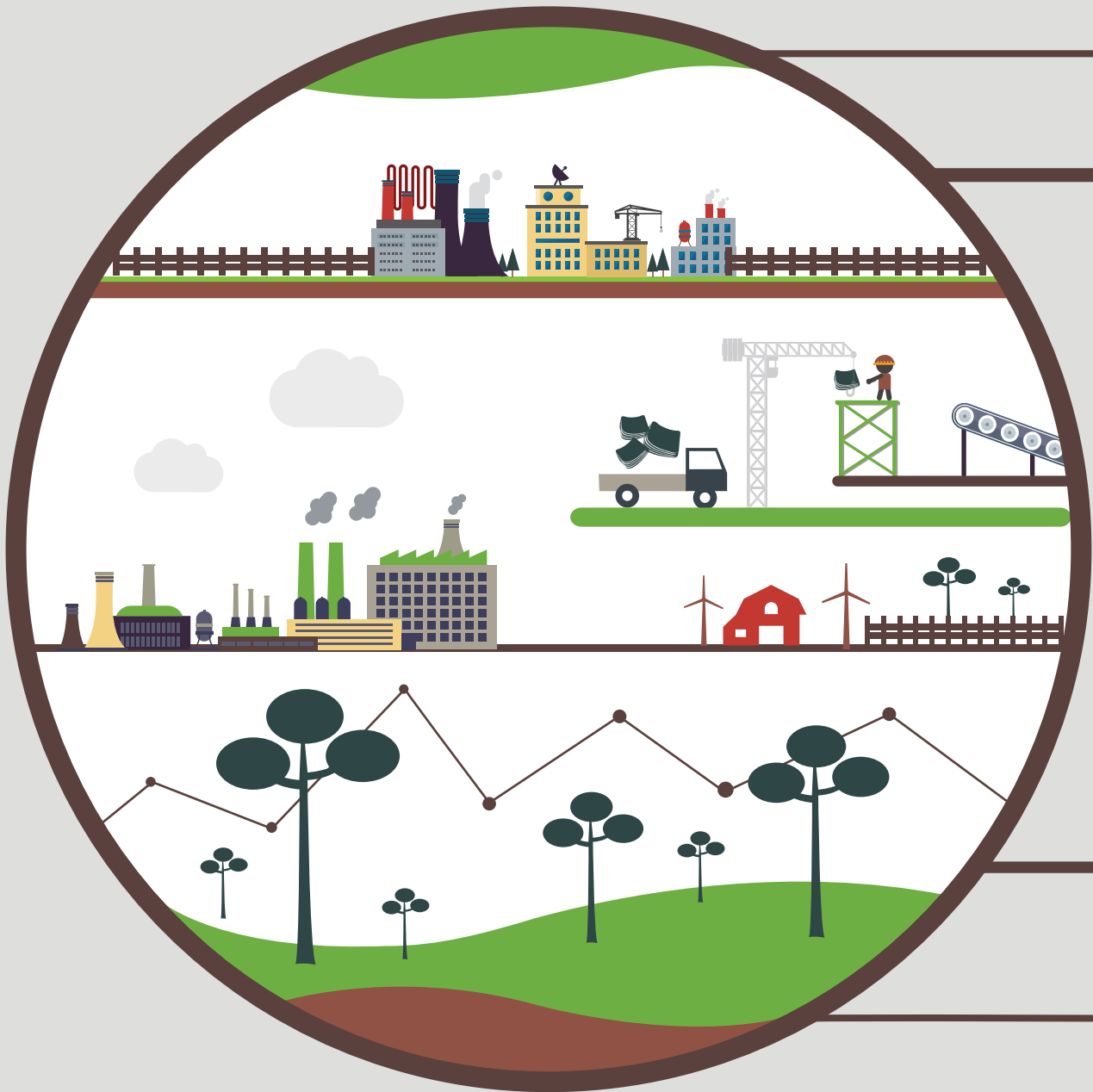
capacity of gloves production per annum

- Produce both latex and nitrile examination gloves





## MOVE FORWARD TO THE GREEN RUBBER COMPANY



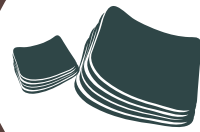
With almost 30 years of our extensive experience and our commitment to sustainably developing natural rubber industry, we have initiated the concept of

**“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 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.

## FINANCIAL HIGHLIGHTS



# 61,292

## Million Baht

REVENUE FROM SALE  
OF GOODS AND SERVICES



# 3,008

## Million Baht

EBITDA



# 1,118

## Million Baht

NET PROFIT



# 43,879

## Million Baht

TOTAL ASSETS

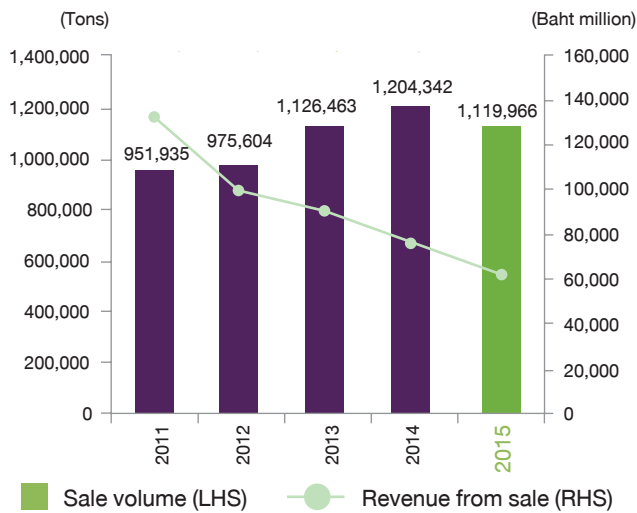
(UNIT : Baht million)	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Revenue from sale of goods and services	61,292	75,530	92,185	99,639	133,704
EBITDA	3,008	2,568	3,747	2,840	3,311
Profit before tax	1,143	1,076	1,987	1,524	1,959
Net profit	1,118	1,038	1,820	1,379	1,306
<b>STATEMENT OF FINANCIAL POSITION</b>					
Total assets	43,879	37,791	44,237	36,696	40,103
Total liabilities	22,545	17,199	24,246	17,759	22,072
Shareholders' equity	21,334	20,592	19,991	18,937	18,031
<b>FINANCIAL RATIOS</b>					
Gross profit margin (%)	5.7	4.4	5.6	4.8	4.3
Net profit margin (%)	1.8	1.4	2.0	1.4	1.0
Current ratio (times)	1.2	1.4	1.3	1.5	1.5
Net debt to equity ratio (times)	1.0	0.7	1.1	0.9	1.1

Note : Financial statements for FY2014 – FY2015 has been prepared in accordance with IFRS Accounting Standard, while Financial statements for FY2011 - FY2013 were prepared based on the early adoption of generally acceptable accounting standards.

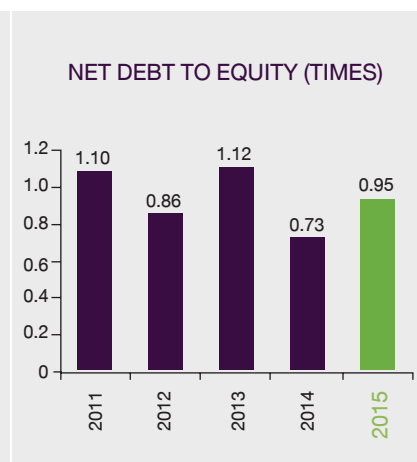
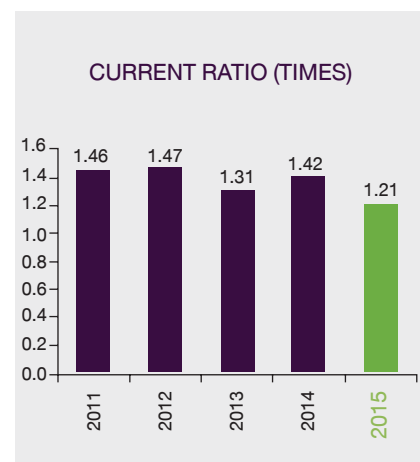
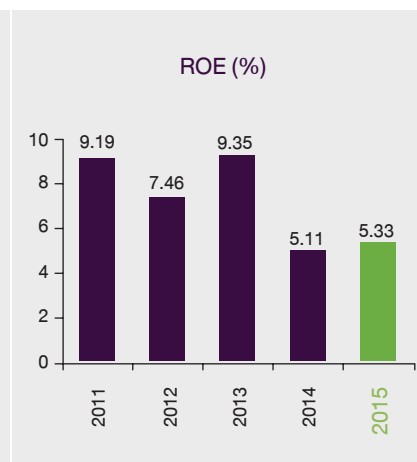
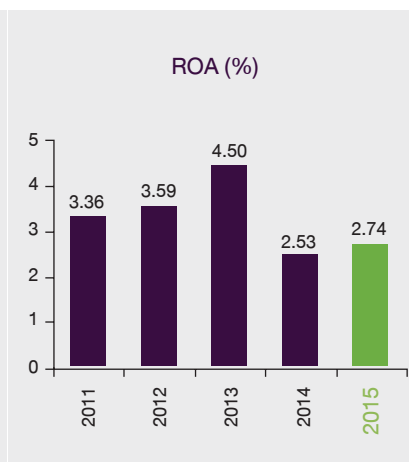
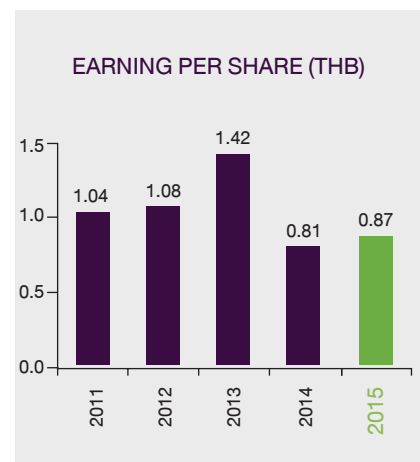
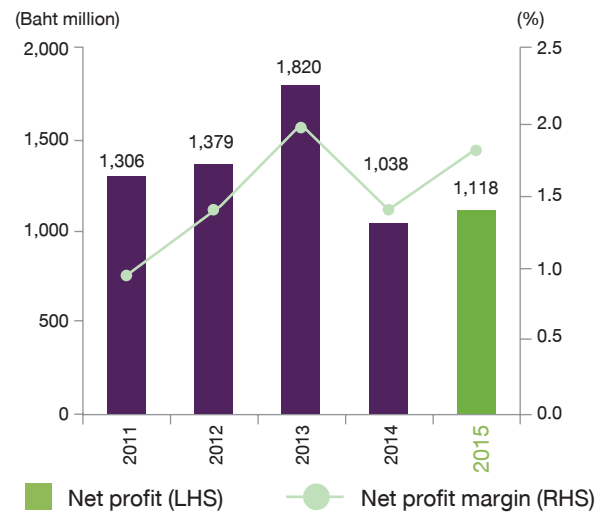


## FINANCIAL HIGHLIGHTS (CONT'D)

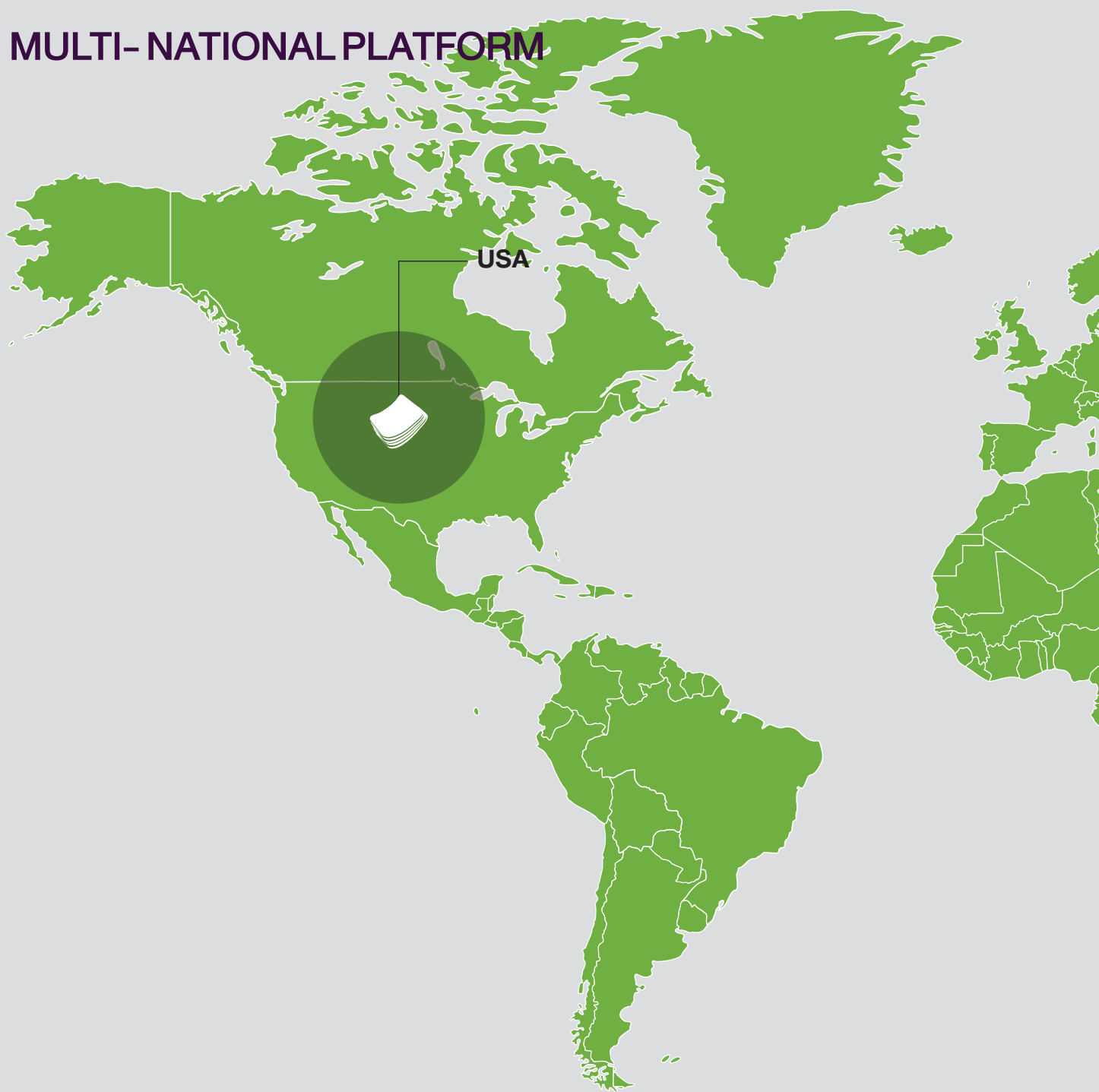
## REVENUE &amp; SALE VOLUME



## NET PROFIT



## MULTI- NATIONAL PLATFORM



**9%**

Market share of world  
natural rubber consumption  
in 2015



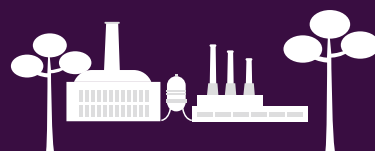
**13%**

Market share of China  
natural rubber import contributed  
by STA



**30**

Processing facilities in  
Thailand, Indonesia and Myanmar



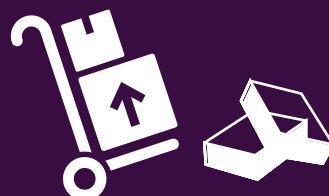


**19%**

of Thailand natural rubber  
production volume in 2015

**1,120,000 tons**

Sale volume sold in 2015





Dr. Viyavood Sincharoenkul

— Chairman —

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*“Nearly three decades since its inception, Sri Trang Group has emerged as the world’s largest producer of natural rubber. With a view to lasting growth, we constantly seek to innovate and develop the myriad facets of our operations, from human resources to research and development, which allow us to enhance our competitiveness and adaptability in today’s fast-paced business landscape.”*



## MESSAGE FROM CHAIRMAN



### CONTINUOUS DEVELOPMENT AND GROWTH

The year 2015 was in many ways a year of development and growth for Sri Trang Group. First of all, we were able to successfully expand our production capacity by opening four new processing plants for block rubber, bringing our total production capacity to more than 1.5 million tons per annum. With regard to our rubber plantations, 83% of the total areas of 51,650 rai have already been planted. December 2015 also marked the first time our own rubber trees were tapped. Additionally, we established Research and Development Department to devise new technologies that would allow us to improve the quality of our products, increase productivity as well as bring down production costs in the long run. And because our business has expanded continually, we also inaugurated SAP to facilitate our operations and continued to groom a new generation of employees who would bring fresh perspectives and contribute to Sri Trang Group's lasting growth.

### OUTSTANDING PERFORMANCE ROOTED FROM STRONG MANAGEMENT

In the light of market volatility and uncertainties of external factors, the natural rubber industry underwent a downturn throughout the year 2015. Rubber prices have declined by approximately 80% since the beginning of 2011 and reached the lowest level in 6 years owing to the global economic slowdown, especially in China - the world's largest consumer of natural rubber, the appreciation of USD on account of the Federal Reserve's decision to raise interest rates, and the continuing decline of oil prices.

Nonetheless, our strong management and the dedication of our employees, coupled with our cutting-edge technology and effective risk management strategies, have alleviated the impact of the volatility of rubber prices and allowed Sri Trang Group to maintain our status as leader in the natural rubber business with markedly better performance than our competitors. Although our revenues have declined as a result of the decline in rubber prices and weakened demand, we have managed to increase our net profit by 8% to Baht 1,118 million and are in a strong financial position that would allow us to seek out attractive investment opportunities.

### OPERATING ON THE BASIS OF SUSTAINABILITY

As a "green rubber company", equally important as the steps that we take toward growth is our commitment to the environment and corporate social responsibility (CSR). It is our intention that all our stakeholders must be well taken care of. In 2015 we organised many CSR projects, including Sri Trang Sri Baan Sri Muang, Green Ambassador, Development of Tapping Skills, Quality Cup Lump. The SET Sustainability Award 2015 we received and our inclusion in the list of Thailand Sustainability Investment are a testament to our commitment with regard to sustainability.

### APPRECIATION

On behalf of the Board of Directors, I would like to welcome Mr. Chalerm Pop Kanchan to the Board of Directors. I also would like to extend our condolences to the family of Mr. Prasit Panidkul who sadly passed away during November 2015. He tirelessly devoted himself to our Group and played a significant role over 28 years in transforming our Group from a small company to industry leading enterprise. I would like to thank our shareholders, customers, employees as well as the financial institutions and all those involved in our operations. Sri Trang Group is committed to operating in accordance with the principles of good corporate governance and corporate social responsibility and in a manner that is in the best interests of all stakeholders with a view to delivering sustainable returns for our shareholders. We are determined to be part of the engine that propels the Thai economy toward prosperity and to maintain our status as leader in the global natural rubber business.

**Sincerely yours,**

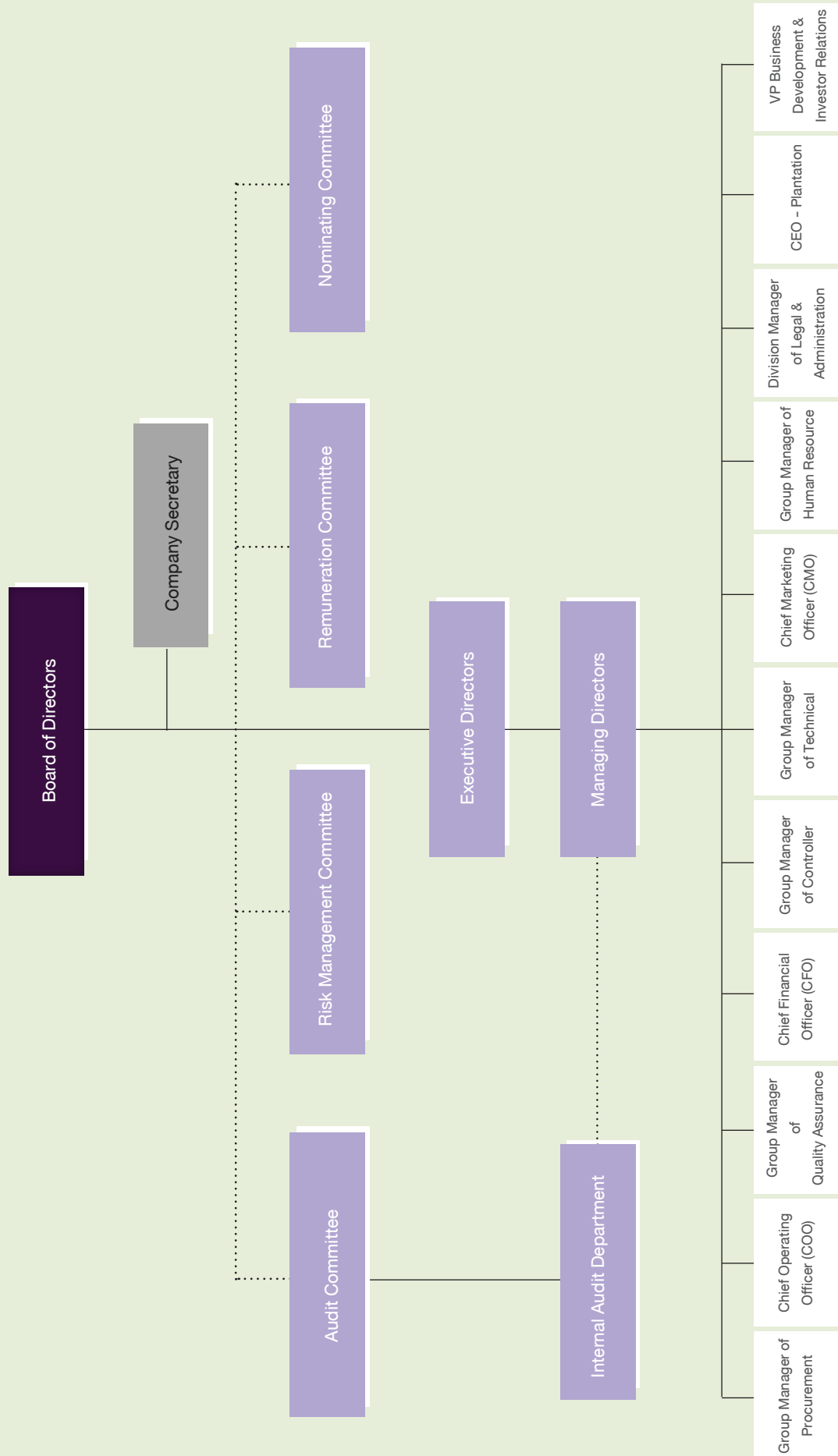
**Dr. Viyavood Sincharoenkul**

Chairman

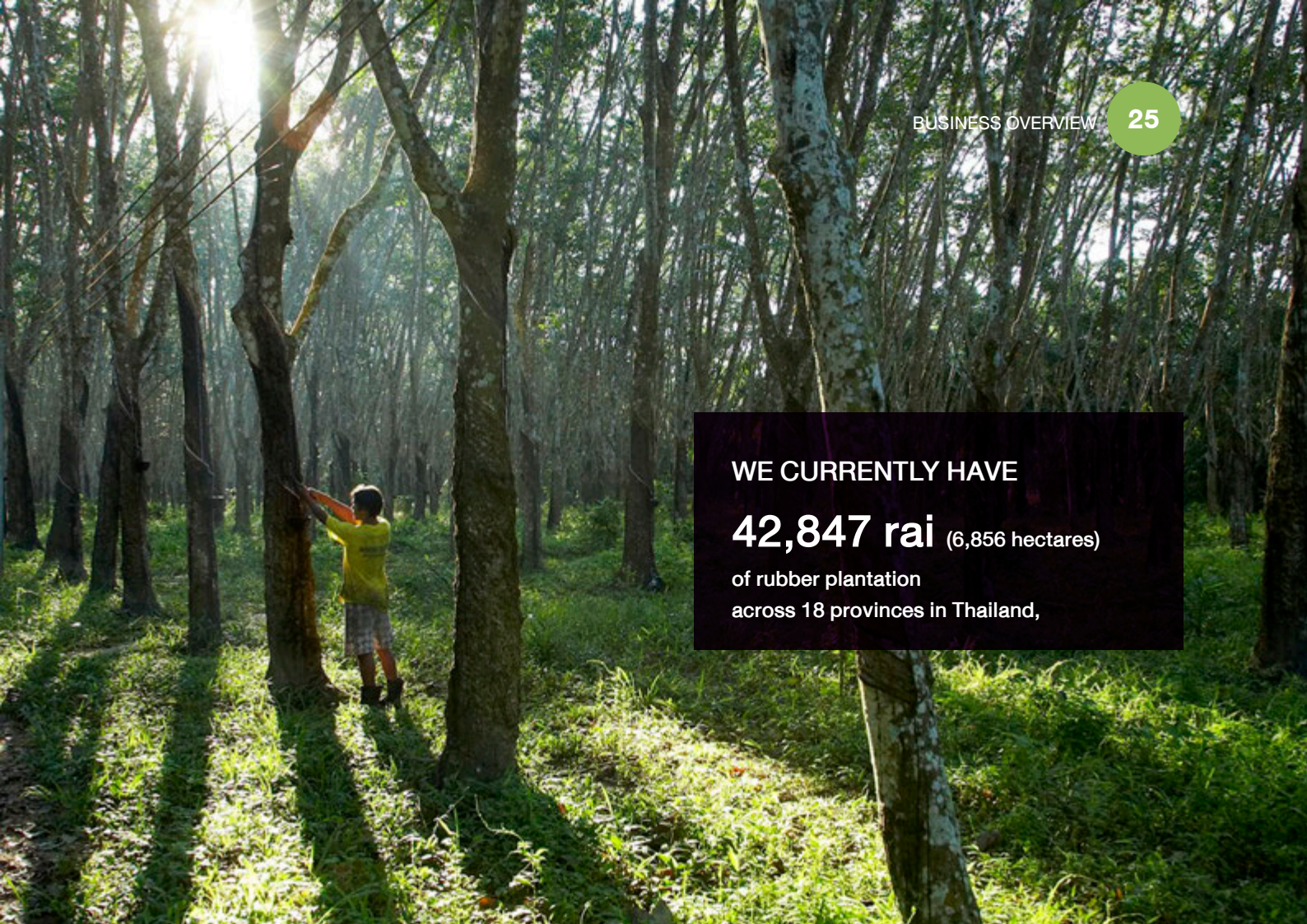
Sri Trang Agro-Industry Public Company Limited

February 2016

# ORGANIZATION CHART





A photograph of a rubber plantation in Thailand. A person wearing a yellow shirt and a patterned skirt is standing in a row of tall rubber trees, using a tool to tap a tree. Sunlight filters through the dense canopy, creating a dappled light effect on the forest floor. The trees are closely spaced, and the ground is covered with green undergrowth.

WE CURRENTLY HAVE

**42,847 rai** (6,856 hectares)  
of rubber plantation  
across 18 provinces in Thailand,

## BUSINESS OVERVIEW

STA is the world's largest fully integrated natural rubber company with a market share of 9% 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 more than 1.5 million tons per annum. Our 30 rubber processing plants are located in the world's top natural rubber producing countries, namely Thailand and Indonesia, as well as Myanmar.

In addition to natural rubber processing which is our core business, we have invested in various joint ventures with foreign companies to produce midstream natural rubber products as well as downstream finished products. Our gloves manufacturing is Thailand's largest and one of the world leading examination gloves producer. Our hydraulic

hose factory is also known as Thailand's largest producer of high-pressure hydraulic hoses, which are widely used in the industrial sector. Lately, STA has expanded the business by investing in upstream of rubber plantations. We currently have 42,847 rai (6,856 hectares) of rubber plantation across 18 provinces in Thailand, some of which started to yield from December 2015 onwards.

STA was established in 23 April 1987 as a private limited company. STA undertook an initial public offering exercise in Thailand and were listed on the SET on 22 August 1991. STA was converted as a public limited company in 27 December 1993. In January 2011, STA made an offering of its newly issued shares to the public in Singapore and listed its shares on the SGX. Currently, STA is the first and the only Thai rubber company that is dually listed on both the Stock Exchange of Thailand (SET) and on the Singapore Exchange (SGX).



## COMPANY MILESTONE

October 1987



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.

March 1990



Jointly established Thai Tech Rubber with Southland Rubber Co., Ltd and Itochu Corporation Limited to expand our product mix to cover TSR block rubber.

January 1994

Established Starlight Express Transport to provide logistical support to our Group's business.

May 1995

Jointly established Shanghai Semperit with an Austrian company to produce escalator handrails.

March 1996

- Jointly established Semperflex Asia with an Austrian company to produce high pressure hydraulic hoses.
- Jointly established Semperform Pacific with an Austrian company which produces rubber and plastic parts.

April 2002

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.

July 2004

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.

April 1987

Commenced operations producing ribbed smoked sheets in Hat Yai, Thailand with an initial registered capital of Baht 31.0 million.

March 1988

Established Rubberland Products for the production of Concentrated Latex, our Group's first processing facility producing Concentrated Latex.

January 1989



Jointly established SSC with an Austrian company to produce latex examination gloves.

August 1991

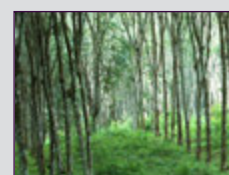
Made an initial public offering (IPO) in Thailand and listed our shares on the Stock Exchange of Thailand (SET).

March 1994

Established Premier System Engineering to support our Group's research and development and provide engineering services.

September 1995

Established Startex Rubber to invest in upstream business into the ownership of rubber plantations in the southern region of Thailand.



April 1998

Jointly established Sempermed USA, Inc. with an Austrian company to manage the sales and marketing of examination gloves which are used for medical and industrial purposes in the United States.

March 2004



Established Sri Trang USA to focus on the distribution of the natural rubber products in the US market.



**January 2005**

Established PT Sri Trang Lingga, our first natural rubber procurement and processing facility outside of Thailand.

**December 2007**

Established Sri Trang Rubber & Plantation to invest in rubber plantations.

**February 2008**

Our subsidiary, Sri Trang International, was awarded the second prize in the top trading volume award by the Singapore Commodity Exchange Limited.

**August 2009**

Acquired PT Star Rubber as our second Indonesian TSR processing facility.

**August 2010**

Established our first PRC subsidiary, Shi Dong Shanghai in Shanghai, to expand our operation into the PRC.

**September 2011**

SSC received Quality Award form Food and Drug Administration for three consecutive years.

**August 2012**

STA won Prime Minister's Export Award 2012 for being a best exporter with the export value exceeding Baht 5,000 million.

**October 2013**

Jointly established Sri Trang Ayeyar with Ayeyar Hinthar Holdings Company Limited to expand natural rubber processing base into Myanmar.

**December 2013**

Established our first Vietnam subsidiary, Sri Trang Indochina in Ho Chi Minh, to trade and export natural rubber products in Vietnam.

**December 2015**

Some of our rubber plantation operated by Sri Trang Rubber & Plantation started to yield.

**July 2005**

Jointly established Semperflex Shanghai with an Austrian company to produce high-pressure hydraulic hoses in the PRC.

**February 2007**

Our subsidiary, Sri Trang International, was awarded the first prize in the top trading volume award by the Singapore Commodity Exchange Limited.

**May 2008**

Jointly established Sempermed Singapore with an Austrian company for the acquisition of Sempermed Brasil, a distributor of examination glove in Brazil.

**December 2009**

STA received the Prime Minister's Export Award 2009 (Best Exporter) for being the top Thai exporter into the PRC market.

**January 2011**

STA made an offering of its newly issued shares to the public (Public Offering) in Singapore, including institutional investors and listed its shares on the SGX-ST. STA is the first rubber company dually listing in Singapore.

**December 2011**

STA issued two tranches of debentures, the first debenture for rubber processor in Thailand, to the institutional and high net-worth investors totaling Baht 2,150,000,000.

**January 2013**

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.

**November 2013**

Semperform Pacific completed liquidation process.

**October 2015**

STA earned SET Sustainability Awards and Thailand Sustainability Investment 2015 from the Stock Exchange of Thailand.



# PRODUCTS AND SERVICES



Natural Rubber Products



Finished Products



Other Businesses



## NATURAL RUBBER PRODUCTS

Natural rubber products is STA core products contributing about 89% of the group's total revenue in 2015. We produce and distribute a full range of natural rubber products including Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS), and Concentrated Latex.



**Technically Specified Rubber :  
TSR**



**Ribbed Smoked Sheets :  
RSS**



**Concentrated Latex**

PRODUCT TYPES
<p><b>Produced in Thailand:</b></p> <ul style="list-style-type: none"> <li>• STR</li> <li>• STR CV</li> <li>• STR Compound</li> </ul> <p><b>Produced in Indonesia:</b></p> <ul style="list-style-type: none"> <li>• SIR</li> <li>• SIR Compound</li> </ul> <p><b>Produced in Myanmar:</b></p> <ul style="list-style-type: none"> <li>• Myanmar Block Rubber</li> </ul>
APPLICATIONS
<p>Mostly used as raw material for the tyre industry.</p>

PRODUCT TYPES
<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>
APPLICATIONS
<p>Raw material for the tyre industry, parts of automobile, belt, pipe, and shoes, etc.</p>

PRODUCT TYPES
<p><b>60% Concentrated latex</b></p> <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>
APPLICATIONS
<p>Raw material in the productions of latex examination glove, condom, elastic, and adhesive, etc.</p>

## 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 93% 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 where are strategically located close to sources of raw materials supply both in Thailand and Indonesia in order to reduce the cost to transact with intermediaries.



## PRODUCTION FACILITIES AND CAPACITY

Sri Trang Group is well accepted as the world's largest natural rubber producer. As at 31 December 2015, the Company have 30 processing facilities, 26 of which in Thailand, three in Indonesia, and one in Myanmar, with a total optimal production capacity of approximately 1.5 million tons of natural rubber products per year. In 2015, our utilisation rate was approximately 69% of our production capacity.



## SALES, MARKETING AND CUSTOMERS

Apart from our sales activities 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 enable us to expand customer networks to cover various countries throughout the world.



## SHIPPING, LOGISTICS AND MAINTENANCE

**For local Thailand market,** services for shipping and logistics activities in relation to the sale of natural rubber products are provided by our subsidiary, Starlight Express Transport. Such services include the arrangement of product shipping and the preparation of the related import and export documentation.

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



## FINISHED PRODUCTS

Siam Sempermed Corporation Limited (SSC), a joint venture between Sri Trang Group and an Austrian company, is Thailand largest examination gloves producers and one of the leading producers of latex 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 has benefits from the best quality of raw materials to serve the needs of customers worldwide.

## PRODUCTION FACILITIES AND CAPACITY

As at 31 December 2015, SSC has a total of four production facilities with a combined capacity of approximately 14.0 billion pieces annually. We believe that SSC is Thailand largest examination gloves producers and one of the leading producers of latex examination gloves globally.

## SALES AND MARKETING

In addition of STA and its business partner that partly distribute gloves produced from SSC, both companies have established Sempermed USA to focus in the sales and distribution of the examination gloves in North America.



## OTHER BUSINESSES

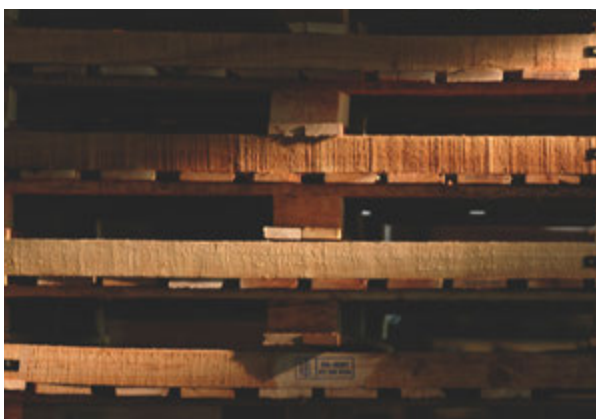
### RUBBER PLANTATION

As at 31 December 2015, Sri Trang Group has obtained approximately 51,650 rai (8,264 hectares) in 19 provinces of Thailand suitable for rubber plantation, 83% has already planted and some of which started to yield from December 2015 onwards. The majority are located in the Northern and North-Eastern regions of Thailand.



### 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 an Austrian company, is Thailand's largest producer of high pressure hydraulic hoses which are primarily used for heavy industry, mining industry, and other industries. Currently, Semperflex Asia is Thailand largest producer of high pressure hydraulic hoses.



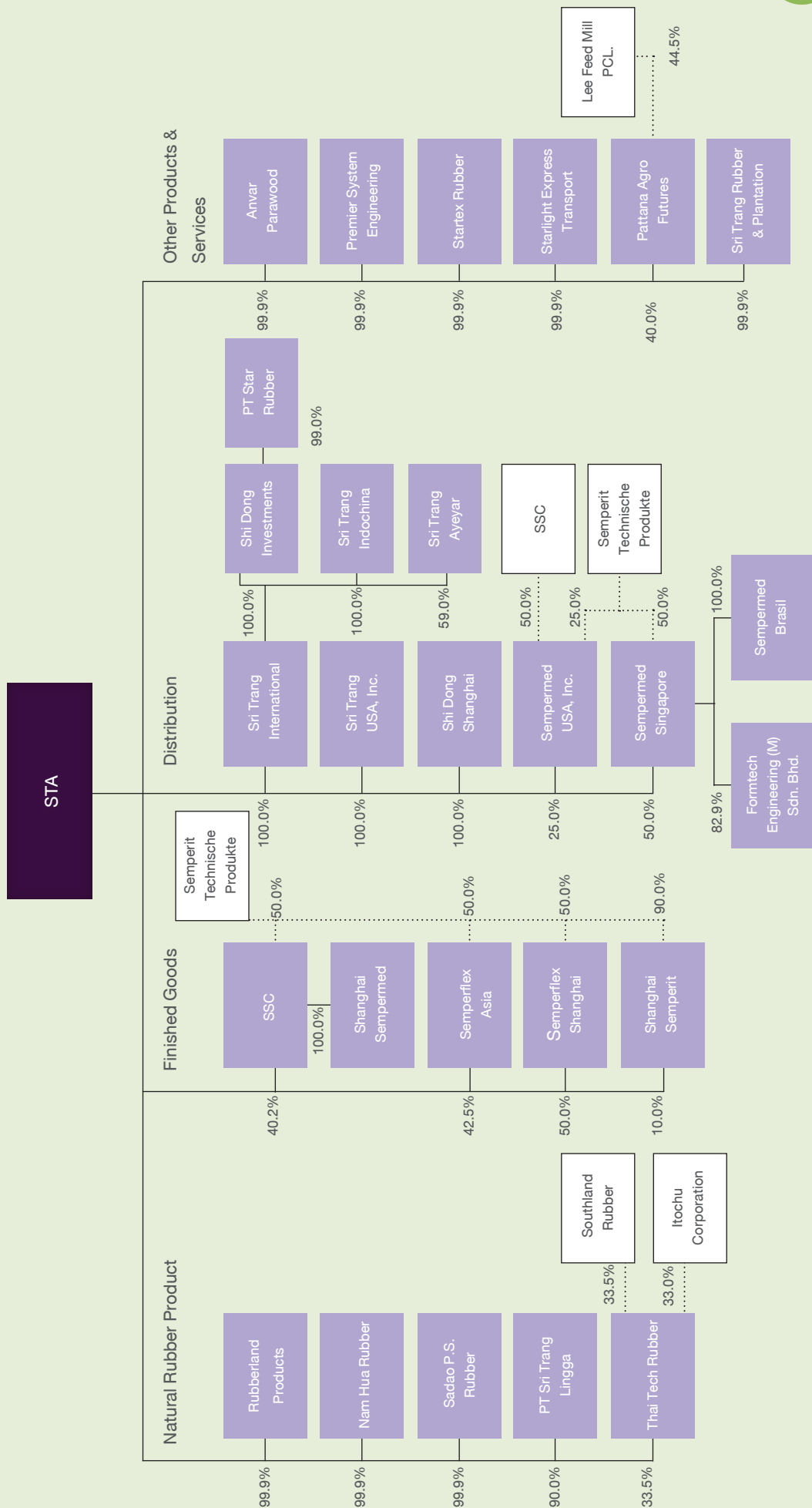
### ESCALATOR HANDRAILS

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



# GROUP STRUCTURE

The group structure of the Company as of 31 December 2015 is shown in the diagram below.



## REVENUE STRUCTURE OF SRI TRANG GROUP

Type of Business / Operated by	% Shareholding by STA	Year ended 31 December					
		2013		2014		2015	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
<b>REVENUE FROM TSR PRODUCTS</b>		<b>70,773.7</b>	<b>76.6</b>	<b>57,512.4</b>	<b>76.0</b>	<b>44,482.7</b>	<b>72.3</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>12,845.5</b>	<b>13.9</b>	<b>9,818.5</b>	<b>13.0</b>	<b>5,462.4</b>	<b>8.9</b>
STA	-						
Sri Trang International	100.0						
Sri Trang USA, Inc.	100.0						
Nam Hua Rubber	99.9						
Shi Dong Shanghai	100.0						
Sadao P.S. Rubber	99.9						
<b>REVENUE FROM CONCENTRATED LATEX PRODUCTS</b>		<b>6,047.4</b>	<b>6.5</b>	<b>5,631.5</b>	<b>7.4</b>	<b>4,774.2</b>	<b>7.8</b>
STA	-						
Sri Trang International	100.0						
Shi Dong Shanghai	100.0						
Sri Trang USA, Inc.	100.0						
Rubberland Products	99.9						
Nam Hua Rubber	99.9						
<b>REVENUE FROM OTHER PRODUCTS AND SERVICES*</b>		<b>2,518.5</b>	<b>2.7</b>	<b>2,567.5</b>	<b>3.4</b>	<b>6,572.5</b>	<b>10.7</b>
STA	-						
Anvar Parawood	99.9						
Sri Trang International	100.0						
Premier System Engineering	99.9						



Type of Business / Operated by	% Shareholding by STA	Year ended 31 December					
		2013		2014		2015	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
Starlight Express Transport	99.9						
Startex Rubber	99.9						
Rubberland Products	99.9						
Sri Trang USA	100.0						
Shi Dong Shanghai	100.0						
Sri Trang Rubber & Plantation	99.9						
<b>OTHER INCOME</b>		<b>249.5</b>	<b>0.3</b>	<b>133.9</b>	<b>0.2</b>	<b>186.3</b>	<b>0.3</b>
<b>TOTAL REVENUE</b>		<b>92,434.6</b>	<b>100.0</b>	<b>75,663.8</b>	<b>100.0</b>	<b>61,478.1</b>	<b>100.0</b>
<b>Share of profit of investments in associates and joint ventures</b>		<b>495.6</b>		<b>535.1</b>		<b>648.8</b>	

Note\* : Comprises (i) the sale of rubber wood and wood packing products and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties (iii) RSS processing fee for Thai Government recognized from Q3 2012 onwards (iv) the sale of gloves.



# OUR BUSINESS STRATEGY AND FUTURE GROWTH PLAN

In order to strengthen our position as leader in the natural rubber business and ensure sustainable growth, Sri Trang Group continuously seeks to expand the business and improve every facet of operation and procurement to environmental practices.



BROADENING OF  
RAW MATERIAL SOURCES



BROADENING OF  
CUSTOMER BASE



CONTINUOUS EXPANSION  
OF PRODUCTION CAPACITY







### BROADENING OF RAW MATERIAL SOURCES

Our entrance into the upstream sector through over 50,000 rai (8,000 hectares) of rubber plantations in 19 provinces of Thailand has provided us with additional sources of raw materials from neighboring plantations and given us insights as regards the supply of natural rubber. In addition, we also strive to nurture our relationships with rubber farmers and dealers through various educational and recreational activities. We believe that all this will allow Sri Trang Group to attain international standards with regard to raw material sourcing, which are traceability and sustainability, two attributes currently valued by customers.

### CONTINUOUS EXPANSION OF PRODUCTION CAPACITY

Sri Trang Group has continuously sought to expand operations. Because we believe that increased market share is key to long-term growth and success, we have constantly sought to ensure that our production processes are at the cutting edge of technology. We aim to reach an annual production capacity of 1.7 million tons within 2016, which should allow us to benefit from economies of scale and strengthen our position as leader in the natural rubber business.

We are strongly aware that we cannot achieve sustainable growth without the simultaneous development of the communities in our areas of operation. Accordingly, with every single step that we take toward expansion, we also take into account the environment and the neighboring communities. All of our processing and manufacturing facilities adhere to international environmental standards and are fully certified. We also organize various educational and recreational activities and seek to create employment opportunities for neighboring communities.



**At Present, China continues to be the largest consumer of natural rubber in the world, accounting for**

**more than 1/3**  
of global demand for natural rubber.

### BROADENING OF CUSTOMER BASE

Our key sales strategy is to supply products that satisfy the demands of customers from all over the world. We have sought to continuously expand our customer base through penetration of fast-growing markets as well as new markets with strong growth potential. Our penetration into Chinese market during the past decade has proved advantageous to our market share, as we benefited from the growing demand for natural rubber in China, presently the world's largest consumer of natural rubber, accounting for more than one-third of global demand for natural rubber.



# NATURAL RUBBER INDUSTRY AND COMPETITION

## NATURAL RUBBER INDUSTRY

Natural Rubber (NR) industry underwent market volatility and uncertainties of external factors throughout the year 2015. NR price declined approximately by 20% compared with the year 2014 from various unfavorable factors including subdued growth of global economy, especially in China - the world's largest consumer of natural rubber, the appreciation of US dollar from looming US interest rate hike, and low level of oil prices.

### DEMAND AND SUPPLY OF NATURAL RUBBER IN 2015

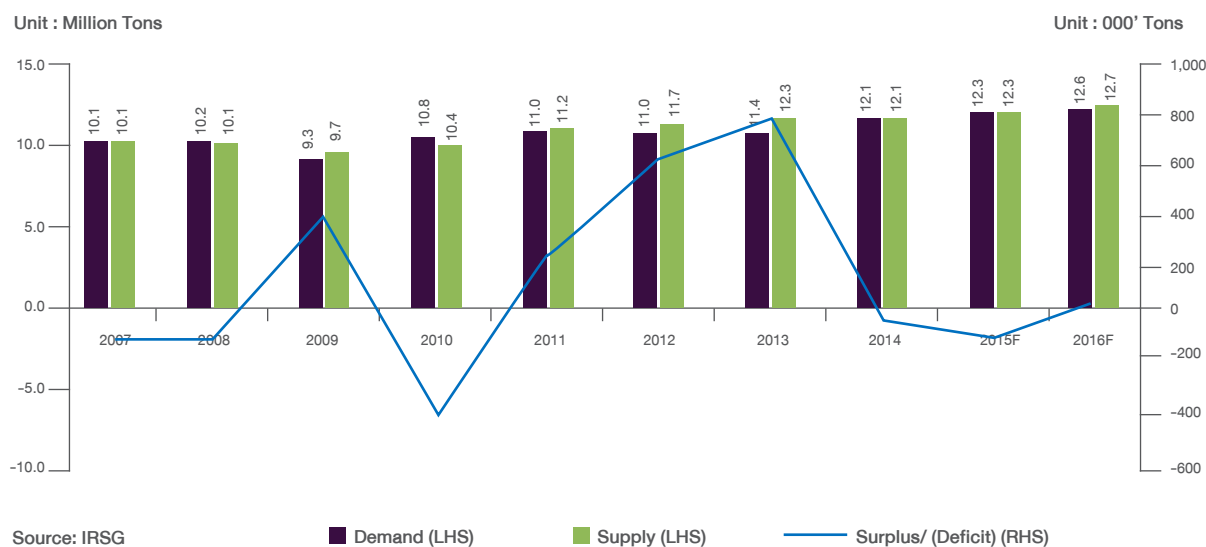
According to International Rubber Study Group (IRSG), World Rubber Industry Outlook, Review and Prospects to 2024 as of December 2015, the world demand of natural rubber (NR) in 2015 was 12,342,000 tons, up 1.8% YoY (2014 : 6.8%). The decelerating growth was mainly due to the world economic slowdown, especially in China who is the world's largest natural rubber consuming country. This was adversely affected tire industry which constituted more than 70% of NR demand. Tire production slightly grew by 2.4% in 2015 compared to 4.4% in 2014. Meanwhile, the world supply of NR increased by 1.4% to 12,274,000 tons in 2015. The growth of supply are mainly from Thailand, Vietnam and CAMAL\* countries.

### TREND OF DEMAND AND SUPPLY OF NATURAL RUBBER IN 2016

On the backdrop of gloomy global economic outlook, IRSG projected that NR demand in 2016 will slightly increase by 2.0% from 2015 to 12,591,000 tons. For NR supply, IRSG forecasted that the NR production will grow at 3.1% reaching 12,653,000 tons in 2016. 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 2015.

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

### DIAGRAM EXHIBITS DEMAND AND SUPPLY OF NATURAL RUBBER DURING 2007-2016



## BALANCE OF NATURAL RUBBER DEMAND AND SUPPLY

In 2016, an ample NR supply from new rubber plantation during upsurge of NR price during 2005-2008 is expected while NR consumption, undermined by the slowing economic development, might be insufficient to absorb the expansion of supply. However, prolonged low level of NR price would encourage the switch to other crops, postpone the new planting/re-planting schedule, reduce skilled tapping labour and tapping activities, and limit new rubber farmers. Thus, IRSG anticipated that NR supply surplus will hover around 62,000 tons, significantly decrease from its peak in 2013 of 851,000 tons.

## COMPETITION

*“It’s been more than half a decade that natural rubber industry has being challenged by various factors including the slowdown of global economy, the fluctuation of USD currency, the downfall of commodities’ prices, etc. Many competitors have inevitably exited the industry under this unfavorable condition. Our long-standing competitiveness in this tough industry is attributed to our product quality, our largest production scale, our excellent customer service, our geographical diversification, seasoned management team, and risk management system”*

Key NR producing and exporting countries are Thailand, Indonesia, Vietnam, and China. With our 9% <sup>1</sup> of world market share in 2015, we believe that we are the world’s largest fully integrated natural rubber processing company. Our main competitors are Von Bundit Company Limited, Southland Group, and Thai Hua Rubber Public Company Limited who are based in Thailand, The Kirana Group, Halcyon Agri Corporation, Sinochem Group, and China Hainan Rubber Industry Group who are based in other countries.

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 more than 60% of world production. In addition, we also have our footstep in Myanmar, the high potential growth of NR producing country. For sales & distribution, we have established subsidiaries in China, Singapore, the US, and Vietnam to carry out sales & distribution activities. With our high standard of quality, we have excellent coverage of world’s leading tyremakers as well as other tyre manufacturers throughout the world.

Our multi-national platform and resourceful sales & marketing teams have enabled us to deliver excellent customer services. The customers around the world can reach our customer hotline at all time for Natural Rubber price updates. 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. In order to make a precise decision on business direction and operation plan as well as to set up an effective risk management system to hedge against volatile currency and rubber price fluctuation, natural rubber processors need to have in-depth understanding on numerous related factors such as world macro-economic conditions, demand-supply situations, currency movements, oil price trend, government policy, etc. Thus, we believe that our management team’s insights enable us to continually increase our competitive edge and profitability as well as strengthen our market position as a dominant natural rubber player.

<sup>1</sup>Based on our sales volume of Natural Rubber Products of approximately 1,119,966 tons for the financial year ended 31 December 2015 and the total global demand for Natural Rubber Products of approximately 12,342,000 tons in 2015.



## KEY STRENGTHS



### Being the world's largest natural rubber processing company with a world market share of 9%

- 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, financial instruments, and customers to support our operation and expansion.



### Fully integrated natural rubber supply chain business model

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



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

- Cover all class of customers to serve demand from every corner of the world.
- Good risk diversification as no single customer accounts more than 7% of our total sale volume.
- Get direct access to end-users to gain demand flow and market sentiment.



### Having production base in major natural rubber producing countries

- Advantage in secure raw material as Thailand and Indonesia are the major natural rubber producing countries in the world, collectively contributed about 65% of global production.
- Flexible production management from different seasonality 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 areas.
- Pinpoint strategic locations for midstream factories in the future.



### Possess advanced technology and strong R&D capability

- Enable us to promptly respond to different customers' requirements.
- Strengthen relationship with customers from a direct R&D integration between our team and customers'.
- Build up competitiveness from economies of speed.
- Enhance productivity and reduce cost.



### Captained by highly experienced managements

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

## BOARD OF DIRECTORS



### 01

**Dr. Viyavood Sincharoenkul (Age 60 years)**

**Chairman/ Managing Director**

**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, Thai Tech
- Director, Siam Sempermed
- Director, Semperflex Asia
- Director, Pattana Agro Futures
- Director, T.R.I. Global Co., Ltd.
- Director, STH

#### 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, Sri Trang Ayeyar
- Director, Semperflex Shanghai
- Director, Shanghai Semperit
- Director, Shanghai Sempermed

#### Work Experience

2010 – Present	Chairman, STA
1993 – Present	Managing Director, STA
1987 – 1993	Managing Director, Sri Trang Agro-Industry Co., Ltd.
1985 – 1987	General Manager, Paktai Rubber Co., Ltd.



## 02

**Mr. Prasit Panidkul\* (Age 68 years)**

**Vice Chairman/ Executive Director**

**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

- None

### Positions in Non-Listed Companies in foreign countries

- Director, PT Sri Trang Lingga

### Work Experience

1993 – 2015	Vice-chairman, STA
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.

Note\*: The resignation of Mr. Prasit Panidkul as a director of the Company was effective from 26 October 2015 onwards.





03

**Mr. Chaiyos Sincharoenkul (Age 65 years)****Director/ Executive Director****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, STH
- 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**

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



## 04

### Mr. Kitichai Sincharoenkul (Age 56 years)

**Director/ Executive Director/  
Nomination Committee Member**

**Date of Appointment : 10 April 1995**

#### Academic Background

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

#### Training Program

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

#### Present position

- Executive Director, STA Bangkok branch
- Director, STA
- Group Manager of Legal & Administration , STA

#### Positions in Other Listed Companies

- None

#### Positions in Non-Listed Companies in Thailand

- Director, Siam Sempermed
- Director, Semperflex Asia
- Director, STH
- Director, Pattana Agro Futures

#### Positions in Non-Listed Companies in foreign countries

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

#### Work Experience

2010 – Present	Group Manager of Legal & Administration
2010 – Present	Nomination Committee Member, STA
1995 – Present	Director, STA
1988 – 2006	Branch Manager, STA
1984 – 1987	Credit Department of Citibank



05

**Mr. Veerasith Sinchareonkul (Age 31 years)****Director/ Executive Director/ Chairman of Risk Management Committee****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
- FSD26/2014 by Thai Institute of Directors Association

**Present position**

- Director, STA

**Positions in Other Listed Companies**

- None

**Positions in Non-Listed Companies in Thailand**

- Director, Semperflex Asia
- Director, Rubberland Products
- Director, Premier System Engineering
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation

**Positions in Non-Listed Companies in foreign countries**

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

**Work Experience**

2013 – Present	Chairman of Risk Management Committee, STA
2010 – Present	Director, STA
2008 – 2011	Corporate Credit Analyst, KASIKORNBANK PLC





06

**Mr. Paul Sumade Lee (Age 61 years)****Director/ Executive Director****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
- Chief Marketing Officer, STA

**Positions in Other Listed Companies**

- None

**Positions in Non-Listed Companies in Thailand**

- Director, Thai Tech

**Positions in Non-Listed Companies in foreign countries**

- Chairman, Sri Trang International
- Director, PT Star Rubber
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai
- Director, PT Sri Trang Lingga
- Director, Sri Trang Indochina
- Director, Sri Trang Ayeyar

**Work Experience**

2010 – Present	Director/ Chief Marketing Officer, STA
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



07

**Mr. Patrawut Panitkul (Age 47 years)****Director/ Executive Director/ Risk Management Committee Member****Date of Appointment : 7 May 2014****Academic Background**

- Bachelor Degree of Business Administration Accounting, Prince of Songkhla University

**Training Program**

- DCP195/2014 by Thai Institute of Directors Association
- SFE24/2015 Successful Formulation & Execution of Strategy by Thai Institute of Directors Association

**Present position**

- Director, STA
- Chief Financial Officer (CFO), 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, Startex Rubber
- Director, Starlight Express Transport

**Positions in Non-Listed Companies in foreign countries**

- None

**Work Experience**

2014 – Present	Director, STA
2013 – Present	Risk Management Committee, STA
2010 – Present	Chief Financial Officer, STA
2001 – 2009	Accounting Manager of STA
1992 – 2000	Accounting Manager of Siam Sempermed Corp., Ltd



08

**Mr. Li Shiqiang (Age 43 years)****Director****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
- Director, Sri Trang International

**Work Experience**

2014 – Present	Director, STA
2012 – Present	Vice Chairman of China rubber Association
2010 – Present	General Manager, Shi Dong Shanghai
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.





09

**Mr. Chalernpop Khanjan\* (Age 45 years)****Director/ Executive Director/ Risk Management Committee Member****Date of Appointment : 29 October 2015****Academic Background**

- Executive Micro MBA, Thammasat University
- Diploma in General Management from Industrial and Community Education College

**Training Program**

- None

**Present position**

- Director, STA
- Chief Operating Officer, 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, Starlight Express Transport

**Positions in Non-Listed Companies in foreign countries**

- None

**Work Experience**

2015 – Present	Director, STA
2013 – Present	Risk Management Committee Member, STA
2010 – Present	Chief Operating Officer, STA
2006 – Present	Production Manager, Rubberland Products
1998 – 2005	Factory Manager, Rubberland Products
1994 – 1997	Assistant to TTR Factory Manager, STA

Note\*: The appointment of Mr. Chalernpop Khanjan as a director of the Company to replace Mr. Prasit Panidkul was in accordance with the resolution of the Board of Directors' meeting no.6/2558 on 28 October 2015 and was effective from 29 October 2015 onwards.



10

### Mr. Prakob Visitkitjakarn (Age 75 years)

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

**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 and Chairman of Audit Committee, STA

#### Positions in Other Listed Companies

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

#### Positions in Non-Listed Companies in Thailand

- None

#### Positions in Non-Listed Companies in foreign countries

- None

#### Work Experience

2010 – Present	Chairman of Remuneration Committee, STA
2008 – Present	Chairman of Audit Committee, STA
2009 – Present	Independent Director and Chairman of Audit Committee, ARIP PLC.
2015 – Present	Independent Director and Chairman of Audit Committee, Lease It PLC.
2008 – 2015	Independent Director and Audit Committee Member, Lease It PLC.
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



11

### Mr. Kriang Yanyongdilok (Age 77 years)

**Independent Director/ Audit Committee Member/  
Chairman of the Nomination Committee/  
Remuneration Committee Member**

Date of Appointment : 25 January 2000

#### Academic Background

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

#### Training Program

- DAP 11/2004 by Thai Institute of Directors Association

#### Present position

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

#### Positions in Other Listed Companies

- None

#### Positions in Non-Listed Companies in Thailand

- 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

2010 – Present	Chairman of Nomination Committee, STA
2010 – Present	Director, March Auto 2010 Co., Ltd.
2000 – Present	Audit Committee Member, STA
1993 – Present	Director, J M P Group (1993) Co., Ltd.
2004 – 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





12

### Mr. Samacha Potavorn (Age 72 years)

**Independent Director/ Audit Committee Member/  
Nomination Committee Member/ Remuneration  
Committee Member**

**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 and Audit Committee, STA

#### Positions in Other Listed Companies

- None

#### Positions in Non-Listed Companies in Thailand

- University Council, Rajamangala University of Technology Srivijaya

#### Positions in Non-Listed Companies in foreign countries

- None

#### Work Experience

2011 – Present	University Council, Rajamangala University of Technology Srivijaya
2010 – Present	Remuneration Committee Member, STA
2010 – Present	Nomination Committee Member, STA
2008 – Present	Independent Director and Audit Committee Member, STA
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



# 13

**Mr. Neo Ah Chap (Age 71 years)**

**Independent Director**

**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



**Mrs. Prapai Srisuttiaphong (Age 62 years)**

### Group Manager of Procurement

#### 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. Asom Aksornnam (Age 48 years)**

### Group of Production Manager

#### Academic background

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

#### Training Program

- None

#### Director Position in Other Companies

- None

#### Work Experience

Present	Group of Production Manager, Siam Sempermed
2009 – 2015	Factory Manager, Siam Sempermed
2004 – 2008	Factory Manager, Shanghai Sempermed
1998 – 2003	Factory Manager, Siam Sempermed
1995 – 1997	Production Manager, Siam Sempermed
1989 – 1994	Line Chemist, Siam Sempermed





**Mr. Chaidet Pruksanusak (Age 47 years)**

**Group Manager of Quality Assurance**

**Academic background**

- Diploma in Finance and Banking, Bangkok Commercial College

**Training Program**

- None

**Director Position in Other Companies**

- Director, Prueksa Rubber Co., Ltd.

**Work Experience**

2009 – Present	Group Manager of Quality Assurance, STA
2000 – Present	Director, Prueksa Rubber Co., Ltd.
2007 – 2008	Coordinated Officer, STA
1999 – 2006	Factory Manager, STA



**Miss Lim Li Ping\* (Age 43 years)**

**Controller**

**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 – 2015	Controller, STA
2002 – 2015	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.

Note\*: The resignation of Miss Lim Li Ping was effective on 8 August 2015.



**Mr. Rattapong Laparojkit (Age 42 years)**

#### Group Manager of Technical

##### Academic background

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

##### Training Program

- None

##### Director Position in Other Companies

- Director, Premier System Engineering

##### Work Experience

Present	Group Manager of Technical, STA
2015 – Present	Director, Premier System Engineering
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 (Age 44 years)**

#### Group Manager of Technical

##### 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

- Director, Premier System Engineering

##### Work Experience

Present	Group Manager of Technical, STA
2015 – Present	Director, Premier System Engineering
2009 – Present	System Engineering Manager, Premier System Engineering
2006 – 2009	Factory Manager, Semperflex Asia
1998 – 2006	Production Manager, Semperflex Asia



**Mr. Udom Pruksanusak\* (Age 54 years)**

#### CEO – Plantation

##### Academic background

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

##### Training Program

- None

##### Director Position in Other Companies

- Director, Startex Rubber
- Director, Sri Trang Plantation
- Director, Prueksa Rubber Co., Ltd.
- Director, Prueksa Isarn Co., Ltd.

##### Work Experience

2013 – Present	CEO – Plantation, STA
2015 – Present	Director, Sri Trang Rubber & Plantation
2015 – Present	Director, Startex Rubber
2008 – Present	Director, Prueksa Isarn Co., Ltd.
2003 – Present	Director, Prueksa Rubber Co., Ltd.
2010 – 2015	Group Manager of Human Resources, STA
2000 – 2012	Human Resources Manager, Siam Sempermed
1998 – 1999	Factory Manager, Semperflex Asia
1988 – 1997	Production Manager, Siam Sempermed

Note\*: The position of Mr. Udom Pruksanusak has been changed from Group Manager of Human Resource to CEO – plantation on 23 July 2015.



**Miss Nuchanart Chaiyarat (Age 48 years)**

#### Group Manager of Human Resources

##### Academic background

- Bachelor of Marketing Science, Prince of Songkhla University

##### Training Program

- None

##### Director Position in Other Companies

- Director, STH

##### Work Experience

2008 – Present	Group Manager of Human Resources, STA
2015 – Present	Director, STH
2000 – 2007	Purchasing Manager, Siam Sempermed





### Miss Thanawan Sa-ngiamsak\*, CFA (Age 37 years)

#### VP Business Development & Investor Relations

##### Academic background

- Master of Science in Finance, the University of Strathclyde, UK, with Distinction
- Bachelor of Science in Accounting, Thammasat University, 1<sup>st</sup> Class Honor

##### Training Program

- None

##### Director Position in Other Companies

- None

##### Work Experience

2011 – Present	VP Business Development & Investor Relations, STA
2005 – 2011	Vice President - Investment Banking, Kasikorn Securities PCL.
2004	Assist Manager - Investment Banking, Kasikorn Bank PCL.
2001 – 2002	Excise Tax & Duty Planner, The Shell Company of Thailand Limited
2000 – 2001	Auditor, Ernst & Young Office Limited

Note\*: Ms. Thanawan Sa-ngiamsak was appointed as VP Business Development & Investor Relations on 14 August 2015.

# MANAGEMENT STRUCTURE

## COMMITTEES OF STA

As of 31 December 2015, 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 2015, 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 <sup>(1)</sup>	Vice-chairman/ Executive Committee	Executive Director
3. Mr. Chaiyos Sincharoenkul	Director/ Executive Committee	Executive Director
4. Mr. Kitichai Sincharoenkul	Director/ Executive Committee/ Nominating Committee Member	Executive Director
5. Mr. Paul Sumade Lee	Director/ Executive Committee	Executive Director
6. Mr. Veerasith Sinchareonkul	Director/ Executive Committee/ Chairman of the Risk Management Committee	Executive Director
7. Mr. Patrawut Panitkul	Director/ Executive Committee/ Risk Management Committee Member	Executive Director
8. Mr. Li Shiqiang	Director	Non-Executive Director
9. Mr. Chalernpop Khanjan <sup>(2)</sup>	Director/ Executive Committee/ Risk Management Committee Member	Executive Director
10.Mr. Prakob Visitkitjakarn	Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director
11.Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee Member/ Chairman of the Nominating Committee/ Remuneration Committee Member	Non-Executive Director
12.Mr. Samacha Potavorn	Independent Director/ Audit Committee Member/ Nominating Committee Member/ Remuneration Committee Member	Non-Executive Director
13.Mr. Neo Ah Chap	Independent Director	Non-Executive Director

Note :

<sup>(1)</sup> The resignation of Mr. Prasit Panidkul as a director of the Company was effective from 26 October 2015 onwards.

<sup>(2)</sup> The appointment of Mr. Chalernpop Khanjan as a director of the Company to replace Mr. Prasit Panidkul was in accordance with the resolution of the Board of Directors' meeting no.6/2558 on 28 October 2015 and was effective from 29 October 2015 onwards.

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

## AUTHORIZED DIRECTORS OF STA

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

## HONORARY ADVISER OF THE COMPANY

The Board of Directors Meeting No. 2/2016 held on 9 March 2016 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 2016 to 6 May 2018 is Baht 428,000 per month or Baht 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. The Board of Directors have power and duties and responsibilities in the management of the Company in accordance with the law, the Company's objectives, the Articles of Association, the resolutions of Board and the resolutions of the general meeting of shareholders. The Board of Directors shall make prudent business decisions. They shall perform their duty responsibly with care and honesty for the best interests of the Company.
2. Response to propose, review and approve the policy of the Company.

3. Appoint, remove and assign duties to advisors to the Board of Directors, sub-committees, and the Managing Director.
4. Authorise the Executive Directors, management officers, or any person to act on behalf of the Board of Directors.
5. Approve investments of the Company, investment in equity and/or debt securities.
6. Approve the entering into guarantee for credit facility to any entity who has business connection with the Company as the shareholder.
7. Approve the establishment, merger, or dissolution of any subsidiary company.
8. Seek advice from specialists or consultants (if any), or retain the services of outside specialists or consultants at the Company's expenses.
9. Propose the capital increase or capital decrease, or the change in par value, or amendment to the memorandum of association, the articles of association, and/or the objectives of the Company to the shareholders for consideration.
10. Appoint and remove the Company Secretary.
11. Consider and approve the connected transactions, except if such transactions require approval of the shareholder meeting. Such approval will be in accordance with notifications, rules and/or regulations related to the SET.
12. Provide the efficiency internal audit system especially for the transactions with the any interested director which is within the scope of SET's regulation.

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



## COMPOSITION AND APPOINTMENT OF THE BOARD OF DIRECTORS OF STA

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

1. The number of members of the Board of Directors of STA shall be determined by a shareholders meeting but shall be not less than five persons and not less than one-half of the total number of Directors must reside in the Kingdom of Thailand.
2. Directors shall be elected at a shareholders meeting in accordance with the following criteria and procedures:
  - (1) Each shareholder shall have one vote for one share.
  - (2) A shareholder must use all of his/her votes in
    - (1) to elect one or several persons as Director or Directors, however, he or she may not split his/her votes unequally between any person in any number.
    - (3) The persons who receive the most votes shall be elected as Directors, in the number of Directors required or to be elected on the relevant occasion. In the event that votes of two or more nominees are equal in number, causing the number of Directors required or to be elected on such relevant occasion to be exceeded, the chairman of the meeting shall have a casting vote.
3. At every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office.
4. 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.
5. 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.
6. 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

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 Board of Directors is of the opinion that both Mr. Prakob Visitkitjakarn and Mr. Kiang 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 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.

The Audit Committee meeting shall be held on quarterly basis. Without management team, private meeting of the Audit Committee with auditor and internal audit shall be held at least once a year in order to review the adequacy of external and internal audit, especially the scope, quality, and independence of external and internal auditors.

## EXECUTIVE COMMITTEE

As of 31 December 2015, the Executive Committee consisted of 7 Directors as shown below.

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman of Executive Director
2. Mr. Prasit Panidkul <sup>(1)</sup>	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
8. Mr. Chalernpop Khanjan <sup>(2)</sup>	Executive Director

Note :

<sup>(1)</sup> The resignation of Mr. Prasit Panidkul as a director of the Company was effective from 26 October 2015 onwards.

<sup>(2)</sup> The appointment of Mr. Chalernpop Khanjan as a director of the Company to replace Mr. Prasit Panidkul was in accordance with the resolution of the Board of Directors' meeting no.6/2558 on 28 October 2015 and was effective from 29 October 2015 onwards.

## SCOPE OF DUTIES AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

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

4. To determine the appropriate employees' benefits and welfare in compliance with corporate culture and applicable laws.
5. To approve the credit limits of the normal business transactions or other transactions that bind STA.

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

## AUDIT COMMITTEE

The Audit Committee consists of 3 independent directors and all have the qualifications required by the Capital Market Supervisory Board and the SET. As of 31 December 2015, the Audit Committee consists of the following directors:

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

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

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

## SCOPE OF DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. To assist the Board of Directors in the discharge of its responsibilities on financial and accounting matters (including reviewing STA's financial reporting process and our Company's consolidated financial statements to ensure accuracy and adequacy).
2. To review our Company's internal control system and internal audit system to ensure that they are suitable



and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.

3. To review our Company's compliance with the law on securities and exchange, the regulations of the SET, and the laws relating to business of STA.
4. To consider the election, the nomination, and the removal of persons with independence, reliability, acceptable qualification and are auditors approved by SEC to act as an auditor of STA and to determine the remuneration of such person 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, 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, the rules of the SET, or other relevant regulations which has or is likely to have a material impact on the results of operations and/or financial position of STA.
8. To review the audit plans, scope of work and results of our audits compiled by our internal and external auditors.
9. To review the co-operation given by our officers to the external auditors.
10. To review our risk management structure (including all hedging policies) and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Directors.
11. To perform any other act as delegated by the Board of Directors and approved by the Audit Committee.

### NOMINATING COMMITTEE

As of 31 December 2015, 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 2015, the Remuneration Committee consists of 3 Directors as follows :

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

### SCOPE OF DUTIES AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

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

### RISK MANAGEMENT COMMITTEE

As of 31 December 2015, 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 Member
3. Mr. Chalernpop Khanjan	Risk Management Committee Member
4. Mr. Patrawut Panitkul	Risk Management Committee Member
5. Mr. Nattee Touchamongkon	Risk Management Committee Member

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

### SCOPE OF DUTIES AND RESPONSIBILITIES OF THE RISK MANAGEMENT COMMITTEE

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

### DETAILS OF ATTENDANCE FOR THE MEETINGS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

Details of the meeting attendance for the meetings of the Board of Directors, Executive Committee and Audit Committee in 2015 are as follows :

Name	No. of Attendances Board of Directors of STA		No. of Attendances Executive Committee		No. of Attendances Audit Committee	
	2015	(%)	2015	(%)	2015	(%)
1. Mr. Viyavood Sincharoenkul	7/7	100	6/6	100	-	-
2. Mr. Prasit Panidkul <sup>(1)</sup>	0/5	0	0/5	0	-	-
3. Mr. Chaiyos Sincharoenkul	7/7	100	6/6	100	-	-
4. Mr. Kitichai Sincharoenkul	6/7	85.71	6/6	100	-	-
5. Mr. Paul Sumade Lee	7/7	100	6/6	100	-	-
6. Mr. Veerasith Sinchareonkul	7/7	100	6/6	100	-	-
7. Mr. Patrawut Panitkul	7/7	100	6/6	100	-	-
8. Mr. Li Shiqiang	7/7	100	-	-	-	-
9. Mr. Chalernpop Khanjan <sup>(2)</sup>	1/1	100	1/1	100	-	-
10.Mr. Prakob Visitkitjakarn	7/7	100	-	-	6/6	100
11.Mr. Kriang Yanyongdilok	7/7	100	-	-	6/6	100
12.Mr. Samacha Potavorn	6/7	85.71	-	-	6/6	100
13.Mr. Neo Ah Chap	7/7	100	-	-	-	-
<b>Percentage of meeting attendance of each committee</b>		<b>90.11</b>		<b>87.50</b>		<b>100.0</b>

Note :

<sup>(1)</sup> In 2015, Mr. Prasit Panidkul was not able to attend the meeting due to health constraint. The resignation of Mr. Prasit Panidkul as a director of the Company was effective from 26 October 2015 onwards.

<sup>(2)</sup> The appointment of Mr. Chalernpop Khanjan as a director of the Company to replace Mr. Prasit Panidkul was in accordance with the resolution of the Board of Directors' meeting no.6/2558 on 28 October 2015 and was effective from 29 October 2015 onwards.

Details of the meeting attendance for the meeting of Nominating Committee, Remuneration Committee and Risk Management Committee in 2015 are as follows :

Name	No. of Attendances Nominating Committee		No. of Attendances Remuneration Committee		No. of Attendances Risk Management Committee	
	2015	(%)	2015	(%)	2015	(%)
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	-	-	-	-	1/2	50.00
7. Mr. Patrawut Panitkul	-	-	-	-	1/2	50.00
8. Mr. Li Shiqiang	-	-	-	-	-	-
9. Mr. Chalernpop Khanjan	-	-	-	-	1/2	50.00
10.Mr. Prakob Visitkitjakarn	-	-	2/2	100	-	-
11.Mr. Kriang Yanyongdilok	2/2	100	2/2	100	-	-
12.Mr. Samacha Potavorn	2/2	100	2/2	100	-	-
13.Mr. Neo Ah Chap	-	-	-	-	-	-
<b>Percentage of meeting attendance of each committee</b>		<b>100</b>		<b>100</b>		<b>50.00</b>



## EXECUTIVES (PURSUANT TO THE DEFINITION OF “EXECUTIVE”<sup>(1)</sup> 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 2015, the list of Executives of STA is as follows :

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman and Managing Director
2. Mr. Prasit Panidkul <sup>(2)</sup>	Vice Chairman
3. Mr. Chaiyos Sincharoenkul	Director
4. Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal and Administration
5. Mr. Paul Sumade Lee	Director and Chief Marketing Officer
6. Mr. Veerasith Sinchareonkul	Director
7. Mr. Patrawut Panitkul	Director and Chief Financial Officer
8. Mr. Li Shiqiang	Director
9. Mr. Chalernpop Khanjan <sup>(3)</sup>	Director and Chief Operating Officer
10.Mr. Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee
11.Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
12.Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee
13.Mr. Neo Ah Chap	Independent Director
14.Mrs. Prapai Srisuttiiphong	Group Manager of Procurement
15.Mr. Arsom Aksornnam	Chief Operating Officer
16.Mr. Chaidet Pruksanusak	Group Manager of Quality Assurance
17.Mr. Rattapong Laparojkit	Group Manager of Technical
18.Mr. Phanlert Wangsuphadilok	Group Manager of Technical
19.Mr. Udom Pruksanusak <sup>(4)</sup>	CEO - Plantation
20.Ms. Nuchanart Chaiyarat	Group Manager of Human Resource
21.Ms. Lim Li Ping <sup>(5)</sup>	Group Manager of Controller
22.Ms. Thanawan Sa-ngiamsak <sup>(6)</sup>	VP Business Development & Investor Relations

Note :

<sup>(1)</sup> “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

<sup>(2)</sup> The resignation of Mr. Prasit Panidkul as a director of the Company was effective from 26 October 2015 onwards.

<sup>(3)</sup> The appointment of Mr. Chalernpop Khanjan as a director of the Company to replace Mr. Prasit Panidkul was effective from 29 October 2015 onwards.

<sup>(4)</sup> The position of Mr. Udom Pruksanusak has been changed from Group Manager of Human Resource to CEO – plantation on 23 July 2015.

<sup>(5)</sup> The resignation of Ms. Lim Li Ping was effective on 8 August 2015.

<sup>(6)</sup> Ms. Thanawan Sa-ngiamsak was appointed as VP Business Development & Investor Relations on 14 August 2015.

### SCOPE OF AUTHORITIES AND RESPONSIBILITIES OF THE MANAGING DIRECTOR

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

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

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

## COMPANY SECRETARY

The Board of Directors of STA resolved to approve the appointment of Mrs. Pacharin Anuwongwattanachai, who had an appropriate qualification, graduated in accounting, passed the 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 2015, STA paid the directors' fees to the Directors in the amount of Baht 6,494,400 for services rendered by them in forms of monetary remuneration. The details are as follows :

Name	Amount of Directors' Fees (Baht)* Fiscal year ended 31 December 2015
1. Mr. Viyavood Sincharoenkul	633,600
2. Mr. Prasit Panidkul	396,000
3. Mr. Chaiyos Sincharoenkul	475,200
4. Mr. Kitichai Sincharoenkul	475,200
5. Mr. Paul Sumade Lee	475,200
6. Mr. Veerasith Sinchareonkul	475,200
7. Mr. Mr. Patrawut Panitkul*	475,200
8. Mr. Li Shiqiang*	475,200
9. Mr. Chalernpop Khanjan	79,200
10.Mr. Prakob Visitkitjakarn	792,000
11.Mr. Kriang Yanyongdilok	633,600
12.Mr. Samacha Potavorn	633,600
13.Mr. Neo Ah Chap	475,200

Note\* : This remuneration is only for the directorship and Audit Committee of the Company excluding directorship of other sub-committees.

#### 2. Remuneration of the Directors and Executive Officers

For the fiscal year ended 31 December 2015, STA paid remuneration to the Executive Directors and Executive Officers, totaling 21 persons, in the amount of Baht 231,462,265. Such remuneration was in the form of salary, bonus and other compensation comprising 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 including 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 2015, 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	13	2,670,470

## 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.

## 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 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	Chairman and Managing Director	27 December 1993	29 April 2015
2. Mr. Prasit Panidkul <sup>(1)</sup>	Vice-chairman	27 December 1993	25 April 2013
3. Mr. Chaiyos Sincharoenkul	Director	27 December 1993	29 April 2014
4. Mr. Kitichai Sincharoenkul	Director and Manager of Legal and Administration	10 April 1995	29 April 2014
5. Mr. Paul Sumade Lee	Director and Manager of Sales and Marketing	28 June 2010	29 April 2015
6. Mr. Veerasith Sinchareonkul	Director	28 April 2010	29 April 2015
7. Mr. Patrawut Panitkul	Director	29 April 2014	29 April 2014
8. Mr. Li Shiqiang	Director	29 April 2014	29 April 2014
9. Mr. Chalernpop Khanjan <sup>(2)</sup>	Director and Chief Operating Officer	29 October 2015	-
10.Mr. Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee	27 December 1993	29 April 2015
11.Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee	25 January 2000	29 April 2014
12.Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee	1 February 2008	29 April 2014
13.Mr. Neo Ah Chap	Independent Director	28 June 2010	25 April 2013

Note :

<sup>(1)</sup> The resignation of Mr. Prasit Panidkul as a director of the Company was effective from 26 October 2015 onwards.

<sup>(2)</sup> The appointment of Mr. Chalernpop Khanjan as a director of the Company to replace Mr. Prasit Panidkul was in accordance with the resolution of the Board of Directors’ meeting no.6/2558 on 28 October 2015 and was effective from 29 October 2015 onwards.



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.

## 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. 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 that are appropriate for current business environment are as follows:

### RIGHTS OF SHAREHOLDERS

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

**1. Right to Receive Profit Sharing in the Form of Dividend:**

STA has a policy on dividend payment which is based on careful consideration of the financial position, results of operation and cash flow of STA, the ability of our subsidiaries, associates and joint venture entity to make dividend payment, STA's expected working capital requirements to support the future growth of STA, the economic situation, and other external factors that STA expects will have an impact on its operations. In order to manage the business operation efficiently, the dividend payment policy is at approximately 30 percent of the net profit.

**2. Right to Attend the Shareholders' meeting:**

STA pays great attention to the sufficiency of information so that the shareholders are able to make a well-informed decision at the shareholders' meeting, including casting their votes and expressing their opinions



on significant changes and the election of the Board of Directors of STA, based on information which is accurate, complete, transparent, and equally shared.

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

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

In order to provide the equivalent of the annual general meeting to shareholders in Singapore holding shares through the CDP, last year STA has held an investor forum in Singapore soon after the annual general meeting was 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. The policy of STA is that no additional agenda item is included in the meeting without prior notice to the shareholders.

For the election of directors agenda, STA gives an opportunity to shareholders to vote on individual directors. In addition, STA provides examiners for the vote counting on the meeting date and discloses the information in the minutes of the shareholders' 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. The Chairman of each sub-committees comprising Mr. Prakob Visitkitjakarn, STA's Lead Independent Director as well as the Chairman of the Audit Committee and Remuneration Committee, Mr. Kiang Yanyongdilok, the Chairman of the Nominating Committee and Independent Director, Mr. Veerasith Sinchareonkul, the Chairman of the Risk Management 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. STA will note the questions and clarifications in the minutes of the shareholders' meeting for acknowledgement of shareholders who did not attend the meeting.

## 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. STA sends a complete invitation to shareholders' meeting, including attachments, both in Thai and English language 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. 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 gives an opportunity to shareholders to cast their vote on one share one vote approach and encourages 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.

## 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. The Board of Directors of STA has reviewed stakeholder engagement policy and established the policies concerning the non-infringement of intellectual property such as copyright, patent, and trademark as well as the whistleblower policy which has specified the channels of notice or complaint, operating procedure, and guidelines for the protection of claimer(s) in the Company's website. The Board of Directors has also established the anti-corruption policy to build a good conscience and right core value in order to prevent any type of corruptions in the organisation.

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 continuous considering the long-term, sustainable growth of STA and an adequate return.

**Employees:**

STA treats its employees equally and fairly by providing a good and safe working environment and adequate remuneration. Moreover, STA supports its employees in terms of providing the opportunity to develop knowledge, skills and experiences for career improvement. STA has established a Health and Working Environment Committee. A training program is specially designed for relevant personnel responsible for overseeing, providing advice, and giving accurate information on safety, occupational health, and the working environment, and the prevention of accidents resulting from work as well as providing other interesting health information to the employees. Considering the employee's welfare with respect to the safe and maximum working efficiency, STA promotes and provides training to employees to worthily utilise natural resources and introduces various activities that promote the quality of life of employees, such as establishing a library and creating entertainment programs as well as various activities which are designed to promote employees' good physical and mental health. Moreover, a handbook for employees has been published and is 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 2015**

Details of work accident statistics in 2015 are as follows:

	Accident Statistics (Times)	Percentage*
No lost time accidents	54	0.45
Less than 3 days of lost time accidents	62	0.52
More than 3 days of lost time accidents	72	0.60
Dismemberment for body parts	4	0.03
Disabled	0	0
Death	1	0.01

Note\* : Computed based on the number of the Company's weighted average number of employees for the year 2015 at 12,007.

The Board of Directors of STA has established the anti-corruption policy and communicated with employees to provide better knowledge and understanding for the prevention of corruption. This is to build a good business conscious, right core value, and good corporate culture.

The Board of Directors of STA has established the Whistleblower Policy and set channel for appellant from all groups of stakeholder regarding falsify or inappropriate actions which may cause the damage to the Company including protective measures for claimer who is in good faith.

STA has established a channel of communication for shareholders or any stakeholders to directly report to the Directors. The Audit Committee assigned to receive these complaint reports will investigate and report to the Board of Directors. Furthermore, shareholders or any stakeholders may directly seek information from the Company Secretary of STA and the Investor Relations Office as following details:

- The Audit Committee,  
E-Mail Address: [auditcommittee@sritranggroup.com](mailto:auditcommittee@sritranggroup.com)
- The Company Secretary,  
E-Mail Address: [corporatesecretary@sritranggroup.com](mailto:corporatesecretary@sritranggroup.com)
- The Investor Relations Office,  
E-Mail Address: [ir@sritranggroup.com](mailto:ir@sritranggroup.com)
- Telephone no. +662-207-4500

**Customers:**

STA is committed to creating customer satisfaction by producing quality products and delivering the products on a timely basis and maintaining a good sustainable relationship. A guideline for customer relations practice is included in the Code of Business Conduct under Conduct of Relations to the Customers.

**Business Partners:**

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

**Competitors:**

STA promotes and supports the policy of fair and free competition. STA will not take any actions that infringe or violate any laws related to commercial competition or that could cause harm reputation of its competitors.

**Creditors:**

STA complies with the conditions of loan agreements and provides accurate, transparent, and accountability information to creditors. Moreover, STA strictly adheres to the compliance with the prescribed conditions of the contract from creditors.

**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 prepared corporate social responsibility report while the Board of Directors has supervised and monitored the management system to ensure full compliance with laws and regulations of regulatory agencies and the fair and strict equitable treatment of all stakeholders.

**INFORMATION DISCLOSURE AND TRANSPARENCY**

1. The Board of Directors of STA is responsible for the accurate, complete, clear, timely, and transparent disclosure of both significant financial and non-financial information of STA both Thai and English in balance and easy to understand form through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), and easy-to-access channels, which reflects fairness and reliability at the same time of maintaining the commercial interest of STA so that the stakeholders are all equally able to receive information in compliance with the Securities and Exchange Commission, the Stock Exchange of Thailand, and 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, analysts, and other related parties.

3. To report the corporate governance policy through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), and the Company's website.
4. To disclose vision, mission, and goal of the Company. Such disclosed information will be reviewed by the Board of Directors of the Company on yearly basis.
5. To clearly disclose the shareholding structure of the Company including shareholding of the Directors and the Executives of the Company both direct and indirect by presenting the beginning and ending shares as well as movement transaction during the year.
6. To establish the policy that the Directors must report all trading in securities and quarterly present to the Board of Directors.
7. To establish the policy for the Directors and the Executives to report their interest on the first appointment to the position and at the end of every year or every time when there is a change.
8. To present report of the Board of Director's responsibility for the financial reports together with auditor's report in annual report.
9. To disclose minutes of the annual general meeting on website of the Company.
10. To disclose profile of the Directors and their attendance on the Board of Directors and Sub-Committee meeting of the preceding year.
11. To disclose the date of first appointment to the Board of each director.
12. To disclose details of training and development program that the Directors joined during the preceding year.
13. To disclose the audit fees and non-audit fees in annual report.
14. To disclose Memorandum of Association and Article of Association in the website of the Company.
15. To provide various communication channels such as website, annual report, analyst meeting so that



shareholders or investors can easily access company information thoroughly and equally.

STA discloses significant information in Thai and English through website that is updated regularly. 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)

## RESPONSIBILITY OF THE BOARD OF DIRECTORS

### 1. The Structure of the Board of Directors

The Board of Directors of STA, consisting of the 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 STA definition of an independent director. The Audit Committee was established for the purpose of monitoring the internal control system, financial report system, corporate governance, risk management, as well as the selection and the appointment of the auditor. Moreover, STA has formed other sub-committees such as the Remuneration Committee, the Nominating Committee, and the Risk Management Committee in order to manage the businesses of STA. The majority of members of the sub-committees are independent committee members in order to ensure a transparent and independent business operation.

### 3. Roles, Duties, and Responsibilities of the Board of Directors

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

### Conflict of Interests

The Board of Directors of STA has established a policy for preventing conflicts of interests on the basis that any decision-making on business transactions must be made only for the best interest of STA, and that any act which may cause a conflict of interest should be avoided. It is

required that a person involved in or having a conflict of interest in any agenda item to be discussed in a meeting shall report the relationship or conflict of interest in such agenda item to STA, as well as abstain from voting and shall have no authority to grant approval for such transaction.

#### 4. The Board of Directors Meeting

According to the Articles of Association of STA, the Board of Directors shall hold a meeting at least once every three months and any additional meetings as necessary. The meeting schedule shall be prepared in advance throughout the year and notified to all directors for their acknowledgement on yearly basis. A meeting notice will be delivered to the 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. The Board of Directors can directly and independently contact the senior executives and the Company Secretary.

STA is committed to providing the Board of Directors with adequate, complete, and continuous information in a timely manner prior to a Board of Directors meeting.

#### 5. Remuneration

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

#### 6. Training for the Directors and the 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 laws and regulations related to business operation of the Company.

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.

STA has the policy to support the Directors and the senior management at least one person a year to join any training programs that equip them with knowledge to support their duties. In 2015, Mr. Patrawut Panitkul has joined SFE24/2015 Successful Formulation & Execution of Strategy held by the Thai Institute of Directors Association.

Moreover, in 2015, STA has arranged the seminar “Sri Trang Core Value and Corporate Governance” for Directors, the Executives, and employees within the organization in order to recommend the principles of good corporate governance, especially the integrity and transparency. This is to enhance understanding of strategies to prevent and detect fraud in practical level with the aim to efficiently reduce losses and mitigate risks as well as to promote the long term sustainability of the business operation. Participants for this program included Directors consisted of Mr. Chaiyos Sincharoenkul, Mr. Veerasith Sinchareonkul, Mr. Patrawut Panitkul, Mr. Chalernpop Khanjan, Mr. Prakob Visitkitjakarn, Mr. Kriang Yanyongdilok, and Mr. Samacha Potavorn, Company Secretary is Mrs. Pacharin Anuwongwattanachai, and the Executives consisted of Mrs. Prapai Srisuttiaphong, Mr. Arsom Aksornnam, Mr. Chaidet Pruksanusak, Mr. Rattapong Laparojkit, Mr. Udom Pruksanusak, and Ms. Nuchanart Chaiyarat.

#### 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. Three types of assessment form are;

- The Board Assessment Form (Assessment of the Board as a whole)
- Individual Board Member Assessment Form (Self-Assessment)
- Sub-committee Assessment Form (Self-Assessment of the Sub-committee comprised the Audit Committee, the Nominating Committee, the Remuneration Committee, and the Risk Management Committee)

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 60% = Poor

The assessment process can be summarised as follows;

The Company Secretary is to prepare and review these 3 assessment forms in accordance with the related rules to ensure the accuracy and completeness before presenting to the Board for a recommendation. The assessment form will be then passed to the Directors to evaluate. The Company Secretary will summarize the assessment results.

The details of assessment can be summarized as follows:

1. The Board Assessment Form (Assessment of the Board as a whole) consists of 6 areas; structure and qualification of the Board of Directors, roles, duties and responsibilities of the Board of Directors, the Board's meetings, the Board's performance of duties, relationship with management, and self-development of the Directors as well as the development of the Executives.
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.
3. Sub-committee Assessment Form (Self - Assessment of the Sub-committee as a whole) consists of 3 areas; structure and qualification of the Directors, performance during the sub-committee meeting, as well as roles, duties, and responsibilities of the sub-committee.

The assessment results can be summarised as follows:

1. The Board Assessment Form (Assessment of the Board as a whole)

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 95.45% which improved from 2014.

2. Individual Board Member Assessment Form (Self-Assessment)

Overall assessment results for Individual Board Member Assessment (Self-Assessment) in 4 areas represent an excellent performance with an average score of 91.48% which improved from 2014.

3. Sub Committee Assessment Form

- 3.1 The Audit Committee

Overall assessment results for the Audit Committee in 3 areas represent an excellent performance with an average score of 100.0%.

- 3.2 The Nominating Committee

Overall assessment results for the Nominating Committee in 3 areas represent an excellent performance with an average score of 95.59%.

- 3.3 The Remuneration Committee

Overall assessment results for the Remuneration Committee in 3 areas represent an excellent performance with an average score of 95.00%.

- 3.4 The Risk Management Committee

Overall assessment results for the Risk Management Committee in 3 areas represent very good performance with an average score of 80.59%.

## 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 interest as follows:

1. Educate the Directors and the 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 the 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 the 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, the 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 Executives, and employees through our internal communication channel (Intranet website).





STA recognises the importance of its internal control system, risk management, and the monitoring of the business operation, which is a continuous process; and 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 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 concordantly 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), CISA (Certified Information Systems Auditor) and CPIAT (Certified Professional Internal Audit of Thailand). Three of our internal audit personnel have already earned CPIAT. 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 2015, 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 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. The Audit Committee may advise the development of internal control and internal audit system

to the Board of Directors. 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

STA has appropriately and sufficiently recruited internal audit staffs with the knowledge and experience related to internal audit. Mr. Wittawas Krungtaenmuang serves as a Chief Audit Executive. The internal audit staffs can access all information of the Company without any limitations in order to independently monitor 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 principles of risk management to make an assessment on the businesses or the working processes, and also give advices and make recommendations regarding the improvement of internal control to the management of each unit as well as provide operation guidelines to improve effectiveness and efficiency of the Group's business operation.

### MANAGEMENT ACTIVITY CONTROL SYSTEM

The Board of Directors sets the operating goals of the Company by determining the clear core value, 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 value the risk management system as a business importance and implement systems for its effectiveness. Risk management committee is responsible to review the policies and 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. In 2015, the Company implemented Systems, Applications, and Products in Data Processing (SAP) for the Enterprise Resource Planning (ERP) to link various working systems which will enhance the accuracy, speed, and effectiveness of information integration and communication within the Group.

### MONITORING AND EVALUATION SYSTEMS

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

### RISK REPORTING

Daily reports setting out the aggregate amount and cost of raw materials purchased are generated by the managers of each of the Company's rubber processing facilities. In addition, the Company's sales and marketing department also generates a daily sales and inventory report. The senior management team utilises these reports to determine the net position of the Company's sales and cost of goods sold, and hence, the exposure to the various risks.

### REVIEWS

The managers of the Company's rubber processing facilities meet with the procurement and sales and marketing teams on a monthly basis to prepare the budget (including the targeted monthly production capacities for each of the Company's rubber processing facilities as well as the sales

targets for the month). These targets are set after taking into account several factors such as the estimated effective production capacity at each of the rubber processing facilities, the supply of raw materials that the Company is able to acquire, the demand of natural rubber products, the price of natural rubber in the commodities markets and other general economic conditions. Such budgets are then reviewed by the senior management team before they are implemented. Through these monthly budget meetings and the setting of targets, the Company has established procedures which it believes to achieve maximum return on investments within the appropriate risk parameters that are set and revised by the senior management team according to any changing circumstances. 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. 1/2016, on 26 February 2016, which was attended by four members of the Audit Committee, the STA Board of Directors, having received information from the management and relevant staff members, assessed the internal control system and concluded that by assessing the internal control system of the Company in five elements, which are organization and the environment, risk management, control of the operation of the management, information and communication, and monitoring system. The STA Board

of Directors was of the opinion that 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 emphasized the strict implementation of Good Corporate Practice of the Company in order to comply with the regulations of the Capital Markets Supervisory Board, the SET, and 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. 1/2016, on 25 February 2016, 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 natural rubber industry. Moving towards our 3<sup>rd</sup> decade of sustainable business operation, we still maintain our global leadership in natural 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;

### 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.

### 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;

### 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.

### **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.

### **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 precedures 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.

### **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.

### **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 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 agreements.

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 maximize 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 the 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 equipments, support business/practices that are environmental friendly, have the anti-child-abuse, anti-forced-labors and anti-human rights.

## 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, with the right prices. This department has also provided complete and correct information about any single product or service, delivered the products on schedule, provided product guarantees, as well as provided communication channels to customers for any suggestions or 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 ISO 9001 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 Centre at 02-207-4500, for the clients, partners, raw material suppliers, the public, and Company's stakeholder to be able to conveniently contact the Company and be treated equitably. The communications channels would also allow anyone to inquire about the Company's products, provide suggestions, make complaints, and request 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 morales 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, as well as trainings for career development, recreation activities, including, exhibition tour, 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 organized 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.

In 2015, Sri Trang Group have established human resource development institute to support our business expansion and enhance the human resource development.

## ENVIRONMENTAL MANAGEMENT

The Company has been adopting the environmental management system for very long time, especially in STR 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 2015, there were 8 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, which 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 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 type of air pollution control systems to fit in different type of production. Raw material cup lump in STR factory has been stored in closed building. Odor from protein degradation of microorganism in cup lump has been mitigated by the use of wood vinegar. STR factories have installed odor emission control system in the processing lines of blocked rubber and compounded rubber. The factories using boiler for baking process also install multi-cyclone system to clean the air before the emission. Such working system has being monitored and followed up. 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.

In order to promote and support the waste management, we have arranged the contest for STA Innovation Award "Waste to Value" which encouraged employees for the innovation of exploiting the waste. This idea also spread to the community.

## 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. Currently, 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). Anwar Parawood has also earned the carbon footprint label for its wooden pallet used as STR 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 2015 the Company was involved in the following campaigns:

### SRI TRANG SRI BAAN SRI MUENG PROJECT



- STA, Kalasin branch donated medical equipment including Cervical Cancer Detector and Examination gloves to Baan Phon Thong health improvement hospitals.
- Rubberland Products, Bungkan branch recycled its unused materials in the factory to build the bookcase and donated to neighboring schools.
- STA, Sa Kaeo branch held Sri Trang Restroom for Students Project to promote hygienic practice and early childhood development.
- STA, Sa Kaeo branch cooperated with Tahraba School to improve playground under Sri Trang Reunite for the Primary Student no.1 Project in order to promote good environment and good health of the students.
- STA, Kalasin branch improved playground and landscape to promote good environment and good health of the students.





- STA, Sikao branch donated the old tires and collaborated with teacher team to develop playground for Baan Glinglong School.
- Rubberland Products, Bungkan branch donated the old tires and collaborated with teacher team to develop playground for Baan Kok Sawang School.

### SRI TRANG BRING KNOWLEDGE TO COMMUNITY PROJECT



- STA, Tungsong branch arranged seminar in regard of using dredges from cup lump cleaning process as fertiliser for agricultural purposes.
- STA, Udon Thani branch cooperated with Udon Thani Province arranged seminar in regard of how to produce quality cup lump.
- STA, Udon Thani educated and campaigned to create a good environment during the transportation of rubber.
- STA, Hat Yai branch provided knowledge of planting Sajor-caju mushroom for lunch to students in Baan Muang Kong School.



### SRI TRANG GLOVE CHARITY PROJECT

- Domestic Marketing Glove Department, Sri Trang Gloves, cooperated with Soi Dog Foundation, Siam City Cement PCL. in Saraburi Province, and volunteers supported the dog sterilisation activities to reduce the problem of stray dogs in the society.



- Sri Trang Group donated examination glove to the Governor of Songkhla for Thai Red Cross to help victims of the earthquake in Nepal.
- Sri Trang Group coordinated with mobile blood donation unit of Thai Red Cross to support examination glove (Sri Trang Gloves) for the work of blood collection.



### TREE PLANTING AND REFORESTATION PROJECT

- STA, Huay Nang branch planted trees to increase community's green areas on National Mother Day 2015.
- STA, Sikao branch cooperated with community leader to hold Eatable Road Project growing the trees along the entrance road of Gling Glong village.
- STA, Udon Thani branch planted trees to increase green areas, enhance ozone purification, and improve environment in the factory under Reforest - Conserve the Earth - Preserve Nature Project.
- Rubberland Products, Buriram branch cooperated with Subdistrict Administrative Organization of Kog Ma held Reforestation and Community Development Project to increase shady tree in the community and reduce global warming.

### WATER RESOURCE DEVELOPMENT PROJECT

- STA, Sikao branch cooperated with environmental network Namuengpetch Subdisrict to build a weir in the canal where the current flows through the area.
- STA, Sikao branch cooperated with Khao Gaew temple, community, and government agency in Namuengpetch Subdisrict to hold Water Resource Development Project (The canal in front of Khao Kaew temple).



- STA, Udon Thani branch cooperated with Baanjumpa community to release the fish to increase food chain at Baanjumpa brook.
- Rubberland Products, Buriram branch released fish breed for Baan Kokpetch School to support lunch for student project.

### INFRASTRUCTURE SYSTEM DEVELOPMENT PROJECT



- Sri Trang Group North and Northeastern zone collectively 8 factories held Ruamhang Ruamjai for bright road activity which was the biggest road cleaning event in the community.
- Rubberland Products, Mukdahan branch repaired and developed tap water system for the villagers in front of the factory.
- STA, Phitsanulok branch installed electric street lighting along Sadao-Nhongfak road for the convenience and safety of the community.



### BETTER LIVING OF COMMUNITY PROJECT

- Rubberland Products, Buriram branch shared water from reservoir to neighboring villagers for their agriculture activities during drought season.
- Rubberland Products, Bungkan branch cooperated with Subdistrict Administrative Organization of Nonsomboon in building pavilion for neighboring communities.
- STA, Udon Thani branch cooperated with Baan Non Sa-ard community in painting community hall.



Full report of Corporate Social Responsibility 2015 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 3 MARCH 2016

### SHARE CAPITAL

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

### DISTRIBUTION OF SHAREHOLDINGS AS OF 3 MARCH 2016

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 999	1,372	10.25	478,045	0.04
1,000 – 10,000	8,032	59.99	35,378,689	2.76
10,001 – 1,000,000	3,890	29.05	243,826,178	19.05
1,000,001 – 10,000,000	81	0.60	290,310,242	22.68
10,000,001 – less than 5% of paid-up share capital	13	0.10	298,389,316	23.31
More than 5% of paid-up share capital	2	0.01	411,617,530	32.16
<b>Total</b>	<b>13,390</b>	<b>100.00</b>	<b>1,280,000,000</b>	<b>100.00</b>

Note: Includes shareholders holding through CDP

### PUBLIC FLOAT

Based on information available to the Company, approximately 53.63% of the Company's shares are held in the hands of the public as of 3 March 2016.

### TOP TEN LARGEST SHAREHOLDERS OF STA

Top ten largest shareholders of STA as of 3 March 2016, are as follows:

	Name	No. of Shares	%
1.	STH	277,818,360	21.70
2.	Dr. Viyavood Sincharoenkul	135,660,070	10.60
3.	Ms. Punnin-on Sirisuwat	53,468,045	4.18
4.	Thai NVDR Co., Ltd	41,752,935	3.26
5.	CITIBANK NOMS S'PORE PTE LTD	36,573,250	2.86
6.	Mr. Vitanath Sincharoenkul	22,600,000	1.77
7.	Mr. Veerasith Sinchareonkul	22,441,000	1.75
8.	Mr. Vitchaphol Sincharoenkul	22,000,000	1.72

	Name	No. of Shares	%
9.	UOB Kay Hian Private Limited	18,615,075	1.45
10	CITIGROUP GLOBAL MARKETS LIMITED-IPB CUSTOMER COLLATERAL ACCOUNT	15,322,071	1.20
	<b>Total</b>	<b>646,250,806</b>	<b>50.49</b>

Note: Information obtained from TSD and CDP

## INTEREST OF DIRECTORS AND EXECUTIVES

As of 31 December 2015 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 2015	Number of Shares on 31 December 2015	Increase (decrease) during Year of 2015	Percentage of Shares on 31 December 2015
Mr. Viyavood Sincharoenkul	Chairman and Managing Director	135,590,170	135,660,070	69,900	10.60
Spouse and minor child		9,000,000	9,000,000	0	0.70
Mr. Prasit Panidkul <sup>(1)</sup>	Director	7,815,575	7,815,575 <sup>(1)</sup>	0	0.61
Spouse and minor child		0	0	0	0
Mr. Chaiyos Sincharoenkul	Director	7,410,825	7,410,825	0	0.58
Spouse and minor child		4,300,000	4,300,000	0	0.34
Mr. Kitichai Sincharoenkul	Director	14,402,000	14,402,000	0	1.13
Spouse and minor child		3,246,500	3,246,500	0	0.25
Mr. Paul Sumade Lee	Director	8,906,955	8,906,955	0	0.70
Spouse and minor child		27,213,075	27,604,075	391,000	2.16
Mr. Veerasith Sinchareonkul	Director	22,441,000	22,441,000	0	1.75
Spouse and minor child		-	-	-	-
Mr. Patrawut Panitkul	Director and CFO	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Li Shiqiang	Director	933,000	1,173,000	240,000	0.09
Spouse and minor child		0	0	0	0
Mr. Chalernpop Khanjan <sup>(2)</sup>	Director and Chief Operating Officer	0 <sup>(2)</sup>	0	0	0
Spouse and minor child		0	0	0	0
Mr. Prakob Visitkitjakarn	Chairman of Audit Committee and Independent Director	450,060	450,060	0	0.04
Spouse and minor child		17,940	17,940	0	0.001



Name	Position	Number of Shares on 1 January 2015	Number of Shares on 31 December 2015	Increase (decrease) during Year of 2015	Percentage of Shares on 31 December 2015
Mr. Kriang Yanyongdilok	Audit Committee Member and Independent Director	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Samacha Potavorn	Audit Committee Member and Independent Director	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Neo Ah Chap	Independent Director	1,100,000	1,100,000	0	0.09
Spouse and minor child		0	0	0	0
Ms. Prapai Srisutipong	Group Manager of Procurement	260,500	260,500	0	0.02
Spouse and minor child		0	0	0	0
Mr. Arsom Aksornnam	Chief Operating Officer	0	0	0	0
Spouse and minor child		3,500	3,500	0	0.0003
Mr. Chaidet Pruksanusak	Group Manager of Quality Assurance	0	0	0	0
Spouse and minor child		0	0	0	0
Ms. Lim Li Ping <sup>(3)</sup>	Group Manager of Controller	150,000	150,000 <sup>(3)</sup>	0	0.01
Spouse and minor child		-	-	-	-
Mr. Rattapong Laparojkit	Group Manager of Technical	60,500	60,500	0	0.005
Spouse and minor child		0	0	0	0
Mr. Phanlert Wangsuphadilok	Group Manager of Technical	0	0	0	0
Spouse and minor child		0	0	0	0
Mr. Udom Pruksanusak	CEO - Plantation <sup>(4)</sup>	10,000	10,000	0	0.0008
Spouse and minor child		0	0	0	0
Ms. Nuchanart Chaiyarat	Group Manager of Human Resource	0	0	0	0
Spouse and minor child		-	-	-	-
Ms. Thanawan Sa-ngiamsak <sup>(5)</sup>	VP Business Development & Investor Relations	0 <sup>(5)</sup>	0	0	0
Spouse and minor child		-	-	-	-
<b>Total</b>		<b>243,311,600</b>	<b>244,012,500</b>	<b>700,900</b>	<b>19.08</b>

- (1) The resignation of Mr. Prasit Panidkul as a director of the Company was effective from 26 October 2015 onwards. / Shareholding information as of 26 October 2015.
- (2) The appointment of Mr. Chalernpop Khanjan as a director of the Company was effective from 29 October 2015 onwards.
- (3) The resignation of Ms. Lim Li Ping was effective on 8 August 2015. / Shareholding information as of 8 August 2015.
- (4) The position of Mr. Udom Pruksanusak has been changed from Group Manager of Human Resource to CEO – plantation on 23 July 2015.
- (5) Ms. Thanawan Sa-ngiamsak was appointed as VP Business Development & Investor Relations on 14 August 2015./ Shareholding Information as of 14 August 2015

Notes:

- (1) The largest group of shareholders in STH is the Sincharoenkul family which holds 4,924,140 shares, representing 55.96% of the total issued and paid-up shares in STH. Dr. Viyavood Sincharoenkul is interested in approximately 25.18 % of the total issued and paid-up shares in STH. Certain directors of STH are also directors of our Company.
- (2) Dr. Viyavood Sincharoenkul is deemed interested in the 9,000,000 shares held by his wife.
- (3) Mr. Chaiyos Sincharoenkul is deemed to be interested in the 4,300,000 shares held by his wife.
- (4) Mr. Kitichai Sincharoenkul is deemed to be interested in the 3,246,500 shares held by his wife.
- (5) Mr. Paul Sumade Lee is deemed to be interested in the 27,604,075 shares held by his wife.
- (6) Mr. Prakob Visitkitjakarn is deemed to be interested in the 17,940 shares held by his wife.
- (7) Mr. Neo Ah Chap is deemed interested in 1,100,000 shares held through Thai NVDR Co., Ltd.
- (8) Mr. Arsorn Aksornnam is deemed to be interested in the 3,500 shares held by his wife.

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. 1/2554 due in 2014.	Debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2554 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

Note\*: STA has fully repaid the holder of Tranche 1 of the debenture according to the maturity date.

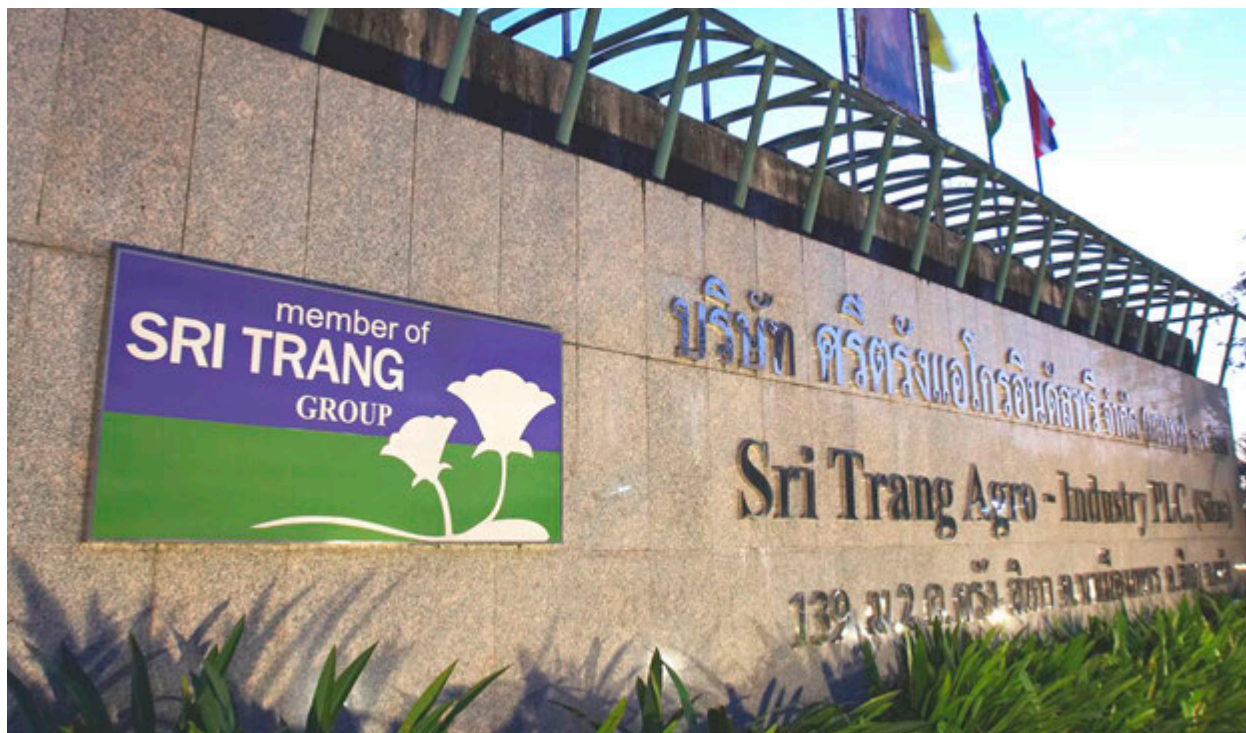
On 13 February 2013, STA successfully issued the debentures in two tranches to the institutional and high net-worth investors with total amount of Baht 900,000,000. STA used the net proceeds for working capital and/or business expansion of the group. Details of each tranche of debenture are as follows;

	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

Note\*: STA has fully repaid the holder of Tranche 1 of the debenture according to the maturity date.

On 23 November 2015, Tris Rating Co., Ltd. assigned A- / Stable rating for STA and the issued debentures.

## DIVIDEND POLICY



### DIVIDEND POLICY OF STA

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

### DIVIDEND POLICY OF OUR SUBSIDIARIES

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



## RELATED PARTY TRANSACTIONS AND INTERESTED PERSON TRANSACTIONS

The material related party transactions that were disclosed in the notes to the financial statements of STA and the interested person transactions that were not disclosed in the notes to the financial statements of STA for the financial year ended 31 December 2014 and 31 December 2015 are as follows:

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2015	Consolidated Jan-Dec 2014		
1. Prukha Rubber Co., Ltd.	The Executives officer of STA, Mr.Udom Pruksanusak and siblings, hold more than 50% of the shares in Prukha Rubber Co., Ltd. Mr.Udom Pruksanusak is the authorized signatory of Prukha Rubber Co., Ltd.	1.1. STA • Sales of field latex	1.63	2.74	STA sold field latex to Prukha Rubber Co., Ltd. because STA did not have in-house logistic service team, and Prukha 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 is an appropriate afford to control STA logistic and administrative costs by selling field latex to Prukha Rubber Co., Ltd. at the reasonable price set by STA procurement team.
		1.2. Nam Hua Rubber • Purchase of field latex	67.19	75.48	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 purchase price of the field latex was at the price that the Group made an announcement to general suppliers in front of its factory.	Nam Hua Rubber required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement department of the Group for the purpose of purchasing raw materials from general suppliers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2015	Consolidated Jan-Dec 2014		
1.3. Sadao P.S. Rubber		<ul style="list-style-type: none"> <li>Purchase of unsmoked sheet rubber</li> </ul>	-	4.04	<p>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.</p>	<p>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.</p>
			0.53	0.77		
1.4. Startex Rubber		<ul style="list-style-type: none"> <li>Sales of field latex</li> </ul>			<p>Startex Rubber sold field latex to Pruksa Rubber Co., Ltd. The selling price was based on the general market price.</p>	<p>The selling price that Startex Rubber sold field latex to Pruksa Rubber Co., Ltd. was based on the general market price similar to other customers.</p>

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated Jan-Dec 2015	Consolidated Jan-Dec 2014		
<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	5.14	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  STA and subsidiaries have been provided on the loans that have been extended to STA and subsidiaries by financial institutions.	Personal	267.00	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.

### RISK RELATING TO OUR BUSINESS OPERATION

#### 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 Organization and cooperatives through the Bank for Agriculture and Agricultural Cooperatives to buy rubber from farmers at prices above market prices directly impacted our raw material costs. Moreover, the cooperative agreement among Thailand, Indonesia, and Malaysia in August 2012 to withdraw Natural Rubber exports of 300,000 tons during October 2012 to March 2013 also affected the export volume of Natural Rubber producer during such period. 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 tyre manufacturing industry which exposes us to downturns in this industry.**

The Natural Rubber Products that we sell include RSS, TSR and Concentrated Latex. Global demand for such products, in particular TSR, is 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 74% of our total revenues is denominated in US Dollars. In addition, the Company's Shares will

also be quoted in Singapore dollars on the SGX-ST while dividends, if any, will be paid in Baht. Fluctuations in the exchange rates between the Baht, Indonesian Rupiah, US Dollars, Singapore dollar or other currencies, could adversely affect our business, financial condition and operating results as well as the foreign currency value of any dividend distributions. Any fluctuations in the exchange rates between the Baht, Indonesian Rupiah and Malaysian Ringgit could adversely affect our price competitiveness in relation to other natural rubber processors from Indonesia and Malaysia.

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

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

One of the key reasons for the growth of our Group has been our ability to attract and retain a team of experienced professional managers. Our continued success will depend on our ability to retain key management staff as well as 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, logistics 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 2015, we had cash and cash equivalents of approximately Baht 2,197.2 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 2015, we have an aggregate of Baht 17,639.8 million in short and long term bank loans with the respective proportion of 78.8% and 21.2% to the total bank loans, with interest rates ranging from 1.2% to 12.3% 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.

**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 89.3% of our Group's revenue for the financial year ended 31 December 2015. 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 10-15% 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.

**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.

## 2. RISKS RELATING TO THE COUNTRIES IN WHICH WE OPERATE

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

We have operations in and investments in countries such as Thailand, Singapore, Indonesia, USA and the PRC each of which contributed 60.8%, 28.7%, 4.3%, 3.7%, and 2.5%, 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.



## RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Our foreign ownership restrictions could limit your ability to transfer our Shares and limit our ability to raise equity financing.

Our Articles of Association provide that no more than 49.0% of our Company's issued and outstanding Shares may be held by non-Thai persons. Our Articles of Association also provide that transfers of Shares in violation of applicable foreign ownership limitations may be restricted. In the event that the applicable foreign ownership limitations have been reached, Thai Shareholders may not be able to transfer their Shares to persons who are non-Thai nationals. As a result, the liquidity and market price for our Shares may be adversely affected.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESULT OVERVIEW

In 2015, Natural Rubber (NR) industry continued the downturn momentum beset with fragile global economic recovery, the slowest growth in 25 years of Chinese economy, ongoing slump in oil and other commodities' prices, and a sharp appreciation of US dollars. Stalling NR demand growth and downward movement to hit a 6-year low of NR price in concurrent with rubber price intervention of the Thai government has not only required us to recognise allowances for inventory but also have led to the circumstance that the raw materials costs did not adjust in tandem with the selling prices. Thanks to our selective selling policy, effective risk management strategies, efficient inventory management, and productivity enhancement, we have delivered outstanding performance among our peers. Our net profit impressively grew by 7.7% irrespective of the declined revenues at 18.9% as a result of lower average selling price and sale volume from softening NR demand. Our escalation in net profit margin was driven primarily by higher gross profit margin, an improvement of profit sharing from our joint ventures, lower selling and administrative expenses, an increase in other income, despite partially offset by lower gains from hedging activities and higher finance costs.

There is no significant non-recurring expense during 2014 - 2015.

## INCOME STATEMENT OVERVIEW

Unit: Baht million

	FY 2015	FY 2014	% YoY
<b>REVENUE FROM SALE OF GOODS AND SERVICES</b>	<b>61,291.8</b>	<b>75,529.9</b>	<b>-18.9%</b>
Cost of sales and services (net)	(57,770.6)	(72,181.6)	-20.0%
<b>GROSS PROFIT</b>	<b>3,521.2</b>	<b>3,348.3</b>	<b>5.2%</b>
Selling and administrative expenses (SG&A)	(3,713.4)	(3,820.4)	-2.8%
Other income	186.3	133.9	39.1%
Gains on exchange rate	214.2	371.1	-42.3%
Other gains (net)	1,095.3	1,122.0	-2.4%
<b>OPERATING PROFIT</b>	<b>1,303.6</b>	<b>1,155.0</b>	<b>12.9%</b>
Share of profit from investments in associates and joint ventures	648.8	535.1	21.3%
<b>EBITDA</b>	<b>3,007.5</b>	<b>2,567.5</b>	<b>17.1%</b>
<b>EBIT</b>	<b>1,952.4</b>	<b>1,690.1</b>	<b>15.5%</b>
Finance costs (net)	(809.1)	(613.7)	31.9%
Income tax	(31.5)	(40.1)	-21.5%
<b>NET PROFIT FOR THE YEAR</b>	<b>1,111.8</b>	<b>1,036.2</b>	<b>7.3%</b>
Attributed to owners of the parent	1,118.0	1,037.8	7.7%
Attributed to non-controlling interests	(6.3)	(1.5)	-311.8%

In 2015, our total revenue was Baht 61,291.8 million, decreased by 18.9% YoY. This was due principally to 19.4% lower average selling price compared to 2014, a direct impact from the falling global NR prices deepened by concerns over derailed economic activities in China, ongoing plunge of crude oil and commodities' prices, and a sharp appreciation of the US dollar. Our selective selling policy to maintain profitability under this lethargic NR industry whereby the raw materials costs did not move in tandem with the selling prices has brought down our sale volume 7.0% YoY.

Sale volume for the year 2015 decreased by 7.0% YoY to 1,119,966 tons. Weaker economic growth of China and the reimposition of anti-dumping duty on Chinese passenger and light truck tires imported by the US commencing since January 2015 have resulted to a diminished NR import demand of China. Therefore, our sale volume to China declined by 14.8% YoY. Our sales to domestic market, Europe, USA, and Vietnam also declined as most customers has kept a minimum stock under pessimistic market sentiment despite being partly offset by the increase of our sales to Singapore, Malaysia, India, and Korea.

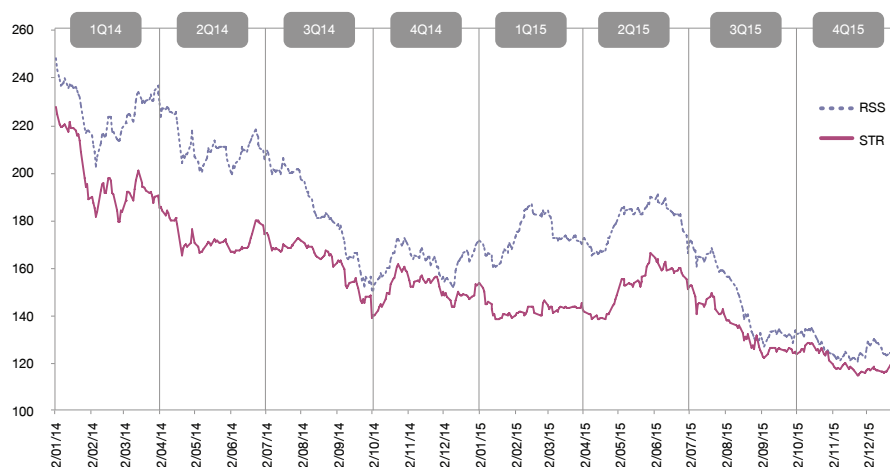
Thanks to our selective selling policy, effective risk management strategies, efficient inventory management, and productivity enhancement, notwithstanding our softened revenues and industry downturn momentum, our gross profit in 2015 grew 5.2% YoY to Baht 3,521.2 million. The gross profit margin also improved from 4.4% in 2014 to 5.7% in 2015 even though downward movement to hit a 6-year low of NR price in Q4 2015 required us to recognise inventory allowance. Assuming the inventory allowance of Baht 373.8 million was not made in 2015 but including realised gain of Baht 1,085.8 million from our hedging activities, our adjusted gross profit margin in 2015 would have been at 8.1%, the highest after the peak of bullish NR market cycle since 2011, which increased from 6.1% in 2014.

Operating profit in 2015 amounted to Baht 1,303.6 million, up 12.9% YoY. The operating profit margin correspondingly improved to 2.1% from 1.5% in 2014 due principally to higher gross profit margin, lower administrative expenses from a decrease in consulting fees, and higher other income. These were partially offset by lower gain from hedging activities.

Net profit was Baht 1,118.0 million in 2015 compared to Baht 1,037.8 million last year, up 7.7% YoY. Net profit margin was 1.8% grew from 1.4% in 2014. The increase in net profit margin was primarily contributed by the increase in operating profit and the improvement in share of profit from associates and joint ventures due mainly to increase in net profit of our examination gloves business, despite being offset by higher unrealised loss on USD denominated loan as a result of a depreciation of IDR against USD.

## KEY FACTORS AFFECTING THE COMPANY'S OPERATIONS

### VOLATILITY OF NATURAL RUBBER PRICE



Daily Price Movement of TSR20 and RSS3 at SICOM

Price and volatility of natural rubber directly affect our revenues and profitability. Natural rubber industry underwent market volatility and uncertainties of external factors throughout the year 2015. Subdued growth of global economy, especially in China - the world's largest consumer of natural rubber and the appreciation of US dollar from looming US interest rate hike coupled with the plummet of oil prices have negatively affected NR price. This downward movement to hit a 6-year low or declined approximately by 20% compared with the year 2014 required us to recognise inventory allowance amounted Baht 373.8 million.

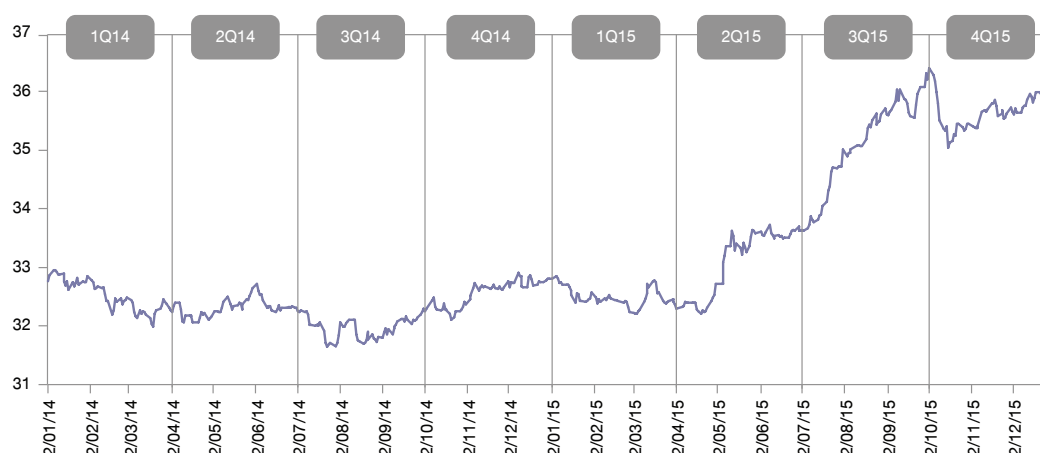
The NR price are affected by a number of factors including 1) world economic conditions which directly affected automobile and tire industry, 2) the magnitude of demand & supply of NR, 3) exchange rate fluctuation especially US dollar, Japanese Yen, and natural rubber exporting currencies such as Thai 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 2014-2015

(Unit : USD per ton)	RSS3			TSR20		
	2014	2015	%Change	2014	2015	%Change
Q1 Average	2,253	1,729	-23.2%	1,981	1,422	-28.2%
Q2 Average	2,119	1,790	-15.5%	1,728	1,516	-12.3%
Q3 Average	1,838	1,464	-20.3%	1,629	1,344	-17.5%
Q4 Average	1,619	1,258	-22.3%	1,506	1,200	-20.4%
<b>YEAR AVERAGE</b>	<b>1,956</b>	<b>1,559</b>	<b>-20.3%</b>	<b>1,710</b>	<b>1,370</b>	<b>-19.9%</b>
Closing price as at 31 December	1,700	1,175	-30.9%	1,522	1,178	-22.6%

#### FOREIGN EXCHANGE RATE

##### Thai Baht : USD



*Historical Exchange Rate of Thai Baht against US dollar*

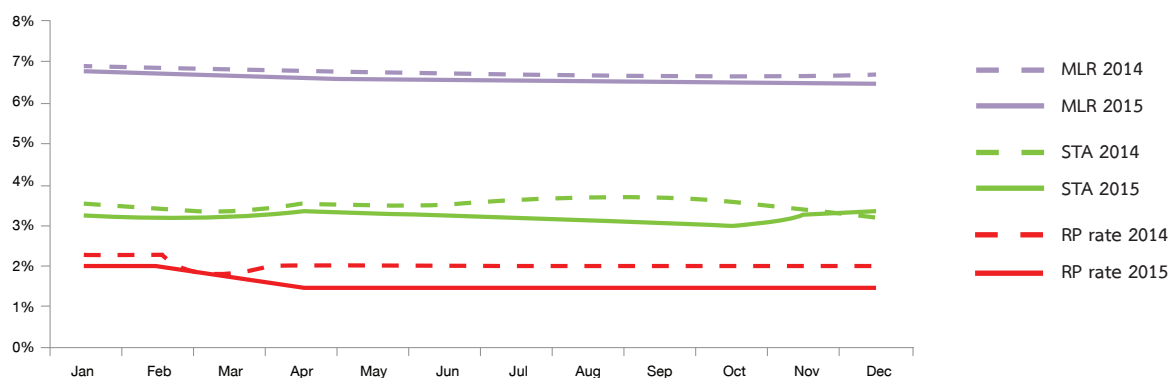
The fluctuations between Thai baht and US Dollars could directly affect our revenues since approximately 74% of our total revenues are denominated in US Dollars while our financial reporting currency is in Thai Baht. In order to mitigate this risk, the Group, therefore, uses financial derivatives to hedge our foreign exchange exposures. The mark-to-market of financial derivatives will be recognised as unrealised gain/loss on foreign exchanges.

In 2015, US Dollars continued to appreciate from the looming policy interest rate increase of the US Federal Reserve. Thai Baht has weakened against US dollar from an average of 32.34 Baht/US dollar in 2014 to 34.09 Baht/US dollar in 2015, representing a depreciation of 5.4%. Such movement unfavourably translated into lower NR prices which are generally denominated in USD. Although we have lowered level of currency derivative instruments in 2015 to benefit from the appreciation of US Dollars, our gains on foreign exchange was Baht 214.2 million, decreased from Baht 371.1 million in 2014.

## FINANCE COSTS

The key factors that affect our finance costs are interest rate, NR price, sale volume, business expansion plan, and the movement of currency exchange. Interest expenses for the year 2015 remained stable from the year earlier since the increase of short-term and long-term borrowings from financial institutions to support business expansion during the year has been counterbalanced by our lower effective interest rate. Nonetheless, overall finance cost increased from Baht 663.4 million in 2014 to Baht 857.3 million in 2015, up 29.2% YoY as a result of unrealised loss on exchange rate of USD denominated loans owing to a depreciation of IDR against USD.

Graph below exhibited our average interest rates during 2014-2015, 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

## SHARE OF PROFITS FROM INVESTMENT IN AFFILIATES

In 2015, the Group received share of profit from investments in affiliates and joint venture companies in total of Baht 648.8 million of which 84.6% contributed by gloves business and 23.3% by high pressure hydraulic hoses business. The increase by 21.3% YoY of share of profit from investment in affiliates and joint ventures was driven primarily by net profit growth of examination gloves business, despite being offset partially by a decline in net profit of high pressure hydraulic hoses business.

## 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, the Thai government's rubber buffer fund scheme implemented during peak season in Q1 2015 to buy ribbed smoked sheet rubbers (RSS) at higher-than-market price has disrupted our raw materials stock up activity and affected our sale performance since the global market price of RSS did not pick up in the same magnitude of local price.



## TAX POLICY OF THE COUNTRIES IN OUR AREAS OF OPERATION

The reinstatement of US tariff for Chinese tires in January 2015 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. Meanwhile, China purchase tax reduction of small car took effect on October 2015 through the end of 2016 could stimulate local demand and bolster automobile and tire industry.

## BUSINESS SEGMENTATION ANALYSIS

Revenue breakdown by product segment

(Baht million)

	FY 2015	FY 2014	% YoY
TSR	44,482.7	57,512.4	-22.7%
%	72.6%	76.1%	
RSS	5,462.4	9,818.5	-44.4%
%	8.9%	13.0%	
LTX	4,774.2	5,631.5	-15.2%
%	7.8%	7.5%	
OTHER*	6,572.5	2,567.5	156.0%
%	10.7%	3.4%	
<b>TOTAL</b>	<b>61,291.8</b>	<b>75,529.9</b>	<b>-18.9%</b>

Note : \* Comprises revenue from (i) the sale of 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 (iii) the sale of gloves

## TECHNICALLY SPECIFIED RUBBER (TSR)

Revenue from the sale of TSR, our core product, declined by 22.7% YoY due to a decrease in average selling price of 18.7%, which was in line with SICOM price, and a decrease in sale volume of 4.8%. Tumbling NR prices from negative NR industry has not only required us to recognise allowances for inventory but also led to the situation that the raw materials costs did not move in tandem with the selling prices. Thanks to our selective selling policy, lowered sale volume was compensated by higher gross profit margin even though our gross profit of TSR marginally decreased by 1.8% YoY.

## RIBBED SMOKED SHEET (RSS)

Revenue from the sale of RSS contracted by 44.4% YoY, driven by a decrease of average selling price and sale volume by 19.5% and 30.9%, respectively. The decrease in sale volume was a consequence of the Thai government's rubber buffer fund scheme implemented in Q1 2015 has disrupted our raw material stock up activity in preparation for low season of rubber tree during the second quarter to early of the third quarter of each year. As a result of lower NR prices and sale volume, our gross profit from the sale of RSS decreased by 32.5% YoY while gross profit margin improved from 2014.

## CONCENTRATED LATEX

Revenue from the sale of Concentrated Latex was down 15.2% YoY. The decrease was mainly attributable to a decline in average selling price of 18.5%, despite partially offset by 4.0% 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 rose by 7.5% YoY and gross profit margin also increased from the earlier year due to the improved demand appetite from glove manufacturers.

## CONSOLIDATED BALANCE SHEET

### CURRENT ASSETS

Current assets increased by Baht 3,846.3 million, or 21.7%, to Baht 21,530.6 million as at 31 December 2015 which was due primarily to an increase in inventories of Baht 3,929.8 million in response to capacity expansion, an increase in amount due from futures brokers of Baht 309.6 million, and an increase in derivative financial instruments of 247.0 million, which were partially offset by the reduction in trade accounts receivable of Baht 834.2 million as a result of lower average selling price of NR products.

At the end of 2015, 94.4% of our accounts receivable were not yet due or overdue less than 1 month while 3.7% was overdue by more than 1 year. The allowance for doubtful debts was 3.9% of total accounts receivable.

### NON-CURRENT ASSETS

Non-current assets increased by Baht 2,241.8 million, or 11.2%, to Baht 22,348.0 million as at 31 December 2015 which primarily consists of an increase in property, plants and equipment of Baht 830.5 million (net of depreciation and write-off) for the construction of our new TSR factories in Thailand and Indonesia, an increase in investment in associates and joint ventures of Baht 700.7 million from an increase in their operating results, an increase in rubber and palm plantations of Baht 320.0 million, and an increase in intangible assets of Baht 298.7 million from SAP software and its related direct implementation cost.

### CURRENT LIABILITIES

Current liabilities increased by Baht 5,371.6 million, or 43.1%, to Baht 17,835.6 million as at 31 December 2015 which was mainly from an increase in short-term loans of Baht 4,037.8 million to support the higher level of inventories, an increase in current portion of debenture of Baht 850.0 million, and an increase in current portion of long-term borrowings from financial institutions of Baht 311.1 million.

### NON-CURRENT LIABILITIES

Non-current liabilities marginally decreased by Baht 25.5 million, or 0.5%, to Baht 4,709.2 million as at 31 December 2015 which was primarily due to a decrease in debenture of Baht 850.0 million offsetting with an increase in long-term loans (net of current portion) of Baht 828.8 million to support our rubber plantation and capacity expansion.

### SHAREHOLDERS' EQUITY

Equity increased by Baht 742.0 million, or 3.6%, to Baht 21,333.9 million as at 31 December 2015 due mainly to net profit during the year offsetting with dividend payment by Baht 512.0 million.

## SOURCE OF FUND

In 2015, our capital expenditure was Baht 2,259.7 million, principally comprised Baht 1,370.2 million for TSR capacity expansion and Baht 668.1 million for the investment in rubber plantation. Our 3 mains source of fund consisted of cash flows from operations, short-term and long-term facilities from financial institutions, and debentures. Our debt to equity ratio was 1.06 times in 2015, which was considered conservative when compared with our competitors in the same industry. As at 31 December 2015, the Group was in compliance with all debt covenants.

## FINANCIAL RATIOS

### CURRENT RATIO

Current ratio is calculated by dividing total current assets by total current liabilities. Our current ratio as at 31 December 2015 and 31 December 2014 were 1.21 times and 1.42 times, respectively. The decrease in our current ratio was due primarily to an increase in total current liabilities at a faster rate than an increase in total current assets to support our business expansion.

### FIXED ASSET TURNOVER RATIO

Fixed asset turnover ratio is calculated by dividing sales of goods and services by average property, plant and equipment (net) and rubber and palm plantations (net). As at 31 December 2015 and 31 December 2014, our fixed asset turnovers were

3.87 and 5.38 times, respectively. A decrease in fixed asset turnover ratio was due mainly to an increase in property, plant and equipment as well as rubber and palm plantations while our revenues decreased from lower average selling prices and sale volume.

### RETURN ON ASSETS ("ROA")

ROA is calculated by dividing net profit (parent company) for the year by average total assets. As at 31 December 2015 and 31 December 2014, our ROA were 2.74% and 2.53%, respectively. A slight improvement of ROA was due to an increase in net profit at a faster rate than an increase in average total assets.

### RETURN ON EQUITY ("ROE")

ROE is calculated by dividing net profit (parent company) for the year by average total equity. As at 31 December 2015 and 31 December 2014, our ROE were 5.33% and 5.11%, respectively. Similar to ROA, the increase in ROE was due to an increase in net profit at a faster rate than an increase in average total equity.

### DEBT TO EQUITY RATIO ("D/E")

D/E is calculated by dividing total debt by total equity. As at 31 December 2015 and 31 December 2014, our D/E were 1.06 and 0.84 times, respectively. The increase in D/E was as a result of higher short-term and long-term borrowings from financial institutions to support business expansion.

## BUSINESS OUTLOOK

### RUBBER INDUSTRY

	2014	2015	2016F
<b>%GLOBAL GROWTH (GDP)</b>	<b>3.4%</b>	<b>3.1%</b>	<b>3.4%</b>
Advance economies	1.8%	1.9%	2.1%
Emerging market and developing economies	4.6%	4.0%	4.3%
China (world's largest NR consumer)	7.3%	6.9%	6.3%
<b>VEHICLE PRODUCTION (MIL. UNIT)</b>	<b>90</b>	<b>91</b>	<b>95</b>
% change	2.8%	1.8%	3.6%
<b>TIRE PRODUCTION (MIL. UNIT)</b>	<b>1,729</b>	<b>1,772</b>	<b>1,829</b>
% change	4.4%	2.4%	3.3%
<b>NR CONSUMPTION ('000 TONS)</b>	<b>12,127</b>	<b>12,342</b>	<b>12,591</b>
% change	6.8%	1.8%	2.0%

Source : IMF and The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2015

It has been half of a decade that NR industry has underwent a downturn after its peak in early of 2011. The decrease by approximately 80% to a 6-year low of NR prices was a reflection of a vulnerable global economic outlook and concerns over volatilities in global commodity, foreign exchange, and stock markets. It is envisaged that NR prices are less likely to significantly rebound unless prolonged drought from El Niño phenomenon occur. The export quota of the International Tripartite Rubber Council (ITRC) which will implement for 6 months commencing from March 2016 could expectedly boost NR prices in short term without legitimate control for upstream production. Upon the completion of this scheme, such suppressed NR supply together with the overhang NR stock of the Thai Government for more than 300,000 tons will continue to pressure NR prices. However, the downside is somewhat limited given that the current price is at the production cost of farmers. Falling price beyond this level will automatically curtail NR supply and induce consumption which could create a chance for the NR industry to become more stabilized and recovered.

## DEMAND & SUPPLY BALANCE

World Natural Rubber production and consumption during 2014 - 2016

Unit : 000'tons	2014	2015	2016F
NR PRODUCTION	12,103	12,274	12,653
% change	-1.4%	1.4%	3.1%
NR CONSUMPTION	12,127	12,342	12,591
% change	6.8%	1.8%	2.0%
NR BALANCE	(24)	(68)	62

Source: The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2015

According to International Rubber Study Group (IRSG), World Rubber Industry Outlook, Review and Prospects to 2024 as of December 2015, the world demand of natural rubber (NR) in 2015 was 12,342,000 tons, up 1.8% YoY (2014 : 6.8%). The decelerating growth was mainly due to the world economic slowdown, especially in China who is the world's largest natural rubber consuming country. This was adversely affected tire industry which constituted more than 70% of NR demand. Tire production slightly grew by 2.4% in 2015 compared to 4.4% in 2014. Meanwhile, the world supply of NR increased by 1.4% to 12,274,000 tons in 2015. The growth of supply are mainly from Thailand, Vietnam and CAMAL\* countries.

On the backdrop of gloomy global economic outlook, IRSG projected that NR demand in 2016 will slightly increase by 2.0% from 2015 to 12,591,000 tons. For NR supply, IRSG forecasted that the NR production will grow at 3.1% reaching 12,653,000 tons in 2016. 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 2015.

In 2016, an ample NR supply from new rubber plantation during upsurge of NR price during 2005-2008 is expected while NR consumption, undermined by the slowing economic development, might be insufficient to absorb the expansion of supply. However, prolonged low level of NR price would encourage the switch to other crops, postpone the new planting/re-planting schedule, reduce skilled tapping labour and tapping activities, and limit new rubber farmers. Thus, IRSG anticipated that NR supply surplus will hover around 62,000 tons.

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

## PROGRESS OF OUR EXPANSION PLAN

### Upstream Business – Land of more than 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 2015, the Group had obtained approximately 8,264 hectares suitable for rubber plantation in 19 provinces of Thailand, 83% has already planted and some of which started to yield from December 2015 onwards. Most of our lands are in the North and Northeastern regions.



**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.

As at 31 December 2015, our optimum annual capacity was registered at industry record at 1.5 million tons per annum. The additional capacity of 174,000 tons from year ended 2014 came from our 4 new TSR plants in Sa Kaeo (Thailand), Kalasin (Thailand), Mudon (Myanmar), and Jambi (Indonesia). We aim to reach capacity of 1.7 million tons per annum by the end of 2016. The continuance of capacity expansion does not only allow us to create a strong foothold in many top producing countries but also enable us to maintain our leading position as the world's largest Natural Rubber producer.

## THE AUDIT COMMITTEE REPORT

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

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

The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors of the Company. In year 2015, the Audit Committee members attended a total of 6 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 2015 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 SEC and the SET, relevant laws and the principles of good corporate governance and has disclosed information sufficiently and transparently.
- Reviewed the entering into and disclosure of related party transactions which may lead to conflicts of interest between the interested party and the Company and its subsidiaries. The review concluded that such transactions have complied with the laws and the regulations of the SET.
- Selected and nominated auditors of the Company and auditing fees for 2016 to be proposed to the Board of Directors to obtain an approval from the 2016 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 SEC, the regulations of the SET, 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

## REPORT OF THE BOARD OF DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL REPORTS

The Board of Directors is responsible for the stand-alone financial statements of Sri Trang Agro-Industry Public Company Limited and the consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries as well as the financial information stated in the Company's 2015 Annual Report. The financial statement ended on December 31, 2015 was prepared with generally certified accounting standard by using appropriate and consistent accounting policy including careful consideration and reasonableness. The important information was adequately disclosed in the notes to financial statements to transparently reflect the actual financial position, operating results and cash flow for the understanding of shareholders and investors. The financial statements have been audited by PricewaterhouseCoopers ABAS Ltd., where all related information were provided to auditor for supporting their opinion according to auditing standard.

The Board of Directors recognised the duties and responsibilities for supervising the efficient preparation of financial report by complying with the good corporate governance, risk management system, and appropriate internal control system for both operation and related information systems to ensure that the financial information was accuracy, completeness and sufficiency prevent fraud or mismanagement and to protect the Company's assets.

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

From the corporate governance and practical methods mentioned above, the Board is in 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 2015 is accurate, reliable in compliance with generally accepted accounting practices and is in compliance with all the 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 2015 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 2015 and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

PricewaterhouseCoopers ABAS Ltd.

Bangkok

26 February 2016



# STATEMENTS OF FINANCIAL POSITION

## SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2015

	Notes	CONSOLIDATED		COMPANY	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	2,197,241,259	2,131,618,737	302,242,191	351,506,312
Derivative financial instruments	8	336,737,313	89,767,267	265,028,250	33,730,806
Trade accounts receivable and other receivables, net	9	3,854,229,907	4,688,380,158	2,360,311,001	2,297,828,991
Amounts due from futures brokers		702,086,338	392,450,064	87,465,150	85,663,956
Inventories, net	10	13,959,751,197	10,029,943,739	6,335,142,961	4,743,353,158
Current portion of long-term borrowings to a subsidiary	36.4	-	-	362,251,765	-
Other current assets	11	480,588,349	352,224,156	86,315,473	76,857,998
<b>Total current assets</b>		<b>21,530,634,363</b>	<b>17,684,384,121</b>	<b>9,798,756,791</b>	<b>7,588,941,221</b>
<b>Non-current assets</b>					
Long-term borrowings to subsidiaries	36.4	-	-	1,263,353,030	992,656,135
Fixed deposits pledged as collateral	12	33,463,842	34,585,973	13,823,734	13,622,863
Investments in subsidiaries	13.1	-	-	10,701,420,514	9,684,640,514
Investments in associates	13.2	1,357,762,042	1,157,810,054	649,177,500	649,177,500
Investment in joint ventures	13.3	3,378,970,225	2,878,241,133	83,099,800	83,099,800
Long-term investments	14	50,626,129	63,672,236	49,718,210	62,666,431
Property, plant and equipment, net	15	15,185,490,205	14,355,033,514	6,224,797,090	5,845,366,056
Rubber and palm plantations, net	16	1,221,240,488	901,246,752	2,833,994	4,080,879
Intangible assets, net	17	330,312,214	31,639,642	314,686,383	12,311,158
Investment properties	18	154,510,994	170,255,147	27,769,750	27,769,750
Withholding tax deducted at source		395,745,880	332,854,932	312,271,396	250,167,419
Deferred income tax assets, net	19	203,437,743	146,540,958	-	-
Other non-current assets	20	36,433,473	34,265,689	13,856,842	12,718,800
<b>Total non-current assets</b>		<b>22,347,993,235</b>	<b>20,106,146,030</b>	<b>19,656,808,243</b>	<b>17,638,277,305</b>
<b>Total assets</b>		<b>43,878,627,598</b>	<b>37,790,530,151</b>	<b>29,455,565,034</b>	<b>25,227,218,526</b>

The notes to the consolidated and company financial statements are 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 2015

	Notes	CONSOLIDATED		COMPANY	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade accounts payable and other payables	21	2,687,393,890	2,579,501,245	1,408,163,931	1,486,686,421
Short-term borrowings from financial institutions	22	13,446,230,471	9,408,410,287	7,733,771,000	4,261,484,000
Current portion of long-term borrowings from financial institutions	22	451,404,000	140,264,000	200,000,000	50,000,000
Current portion of debentures	22	850,000,000	-	850,000,000	-
Current portion of finance lease liabilities	22	25,044,515	30,046,135	3,865,658	3,585,007
Derivative financial instruments	8	271,563,002	212,826,685	196,211,782	155,819,745
Current income tax liabilities		63,896,095	48,559,037	-	-
Other current liabilities		40,020,840	44,348,586	19,693,269	20,985,956
<b>Total current liabilities</b>		<b>17,835,552,813</b>	<b>12,463,955,975</b>	<b>10,411,705,640</b>	<b>5,978,561,129</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	22	3,742,215,000	2,913,462,000	3,740,157,000	2,910,000,000
Debentures	22	600,000,000	1,450,000,000	600,000,000	1,450,000,000
Finance lease liabilities	22	10,904,253	33,310,507	4,280,567	3,979,795
Deferred income tax liabilities, net	19	151,818,247	172,496,107	33,180,843	36,649,938
Provision for retirement benefit obligations	23	161,703,570	115,226,468	73,882,790	53,448,249
Other non-current liabilities		42,524,980	50,210,804	-	-
<b>Total non-current liabilities</b>		<b>4,709,166,050</b>	<b>4,734,705,886</b>	<b>4,451,501,200</b>	<b>4,454,077,982</b>
<b>Total liabilities</b>		<b>22,544,718,863</b>	<b>17,198,661,861</b>	<b>14,863,206,840</b>	<b>10,432,639,111</b>

The notes to the consolidated and company financial statements are 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 2015

	Notes	CONSOLIDATED		COMPANY	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity (Cont'd)</b>					
<b>Shareholders' equity</b>					
Share capital	24				
Authorised share capital					
Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2014 : 1,280,000,000 shares of par Baht 1 each)		1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Issued and paid-up share capital					
Ordinary shares, 1,280,000,000 shares of par Baht 1 each (2014 : 1,280,000,000 shares of par Baht 1 each)		1,280,000,000	1,280,000,000	1,280,000,000	1,280,000,000
Premium on share capital	24	8,550,989,821	8,550,989,821	8,550,989,821	8,550,989,821
Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	25	(173,134,488)	(173,134,488)	-	-
Asset revaluation surplus, net of accumulated depreciation	25	1,427,799,885	1,470,543,779	654,327,347	691,242,473
Unrealised gains on available-for-sale investments	25	6,832,287	18,864,175	6,479,970	18,417,816
Cumulative currency differences on translation	25	(268,546,606)	(445,858,809)	-	-
Retained earnings					
Appropriated - legal reserve	26	128,000,000	128,000,000	128,000,000	128,000,000
Unappropriated		10,287,731,589	9,662,264,944	3,972,561,056	4,125,929,305
<b>Total equity attributable to owners of the parent</b>		<b>21,239,672,488</b>	<b>20,491,669,422</b>	<b>14,592,358,194</b>	<b>14,794,579,415</b>
Non-controlling interests		94,236,247	100,198,868	-	-
<b>Total shareholders' equity</b>		<b>21,333,908,735</b>	<b>20,591,868,290</b>	<b>14,592,358,194</b>	<b>14,794,579,415</b>
<b>Total liabilities and shareholders' equity</b>		<b>43,878,627,598</b>	<b>37,790,530,151</b>	<b>29,455,565,034</b>	<b>25,227,218,526</b>

The notes to the consolidated and company financial statements are 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 2015

	Notes	CONSOLIDATED		COMPANY	
		2015	2014	2015	2014
		Baht	Baht	Baht	Baht
Revenues from sales of goods and services	27	61,291,782,057	75,529,874,680	29,014,781,025	37,058,138,121
Cost of sales and services		(57,770,589,129)	(72,181,560,556)	(27,175,826,041)	(34,907,155,094)
<b>Gross profit</b>		<b>3,521,192,928</b>	<b>3,348,314,124</b>	<b>1,838,954,984</b>	<b>2,150,983,027</b>
Other income	30	186,321,362	133,944,256	462,236,862	1,114,940,115
Selling expenses		(2,125,205,273)	(2,132,659,869)	(1,778,581,066)	(1,757,595,394)
Administrative expenses		(1,588,191,090)	(1,687,743,051)	(816,111,907)	(858,441,607)
Gains on exchange rate, net		214,180,676	371,134,668	91,219,722	234,877,747
Other gains, net	31	1,095,298,392	1,121,975,064	821,750,803	869,709,314
<b>Operating profit</b>		<b>1,303,596,995</b>	<b>1,154,965,192</b>	<b>619,469,398</b>	<b>1,754,473,202</b>
Share of profit from investments in associates and joint ventures	13	648,823,974	535,088,818	-	-
<b>Profit before net finance costs and income tax</b>		<b>1,952,420,969</b>	<b>1,690,054,010</b>	<b>619,469,398</b>	<b>1,754,473,202</b>
Finance income		48,175,799	49,701,857	77,977,067	74,832,880
Finance costs		(857,323,014)	(663,386,209)	(360,937,361)	(367,730,540)
Finance costs, net	32	(809,147,215)	(613,684,352)	(282,960,294)	(292,897,660)
<b>Profit before income tax</b>		<b>1,143,273,754</b>	<b>1,076,369,658</b>	<b>336,509,104</b>	<b>1,461,575,542</b>
Income tax	33	(31,517,851)	(40,132,363)	1,237,358	(19,932,157)
<b>Profit for the years</b>		<b>1,111,755,903</b>	<b>1,036,237,295</b>	<b>337,746,462</b>	<b>1,441,643,385</b>

The notes to the consolidated and company financial statements are 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 2015

	Notes	CONSOLIDATED		COMPANY	
		2015	2014	2015	2014
		Baht	Baht	Baht	Baht
<b>Other comprehensive income:</b>					
Items that will not be reclassified subsequently to profit or loss					
Asset revaluation surplus, net of tax		2,276,957	361,386,290	2,276,957	-
Actuarial gains (losses) on defined employee benefit plan, net of tax		(25,589,087)	3,872,750	(18,306,794)	(2,446,855)
Total items that will not be reclassified to profit or loss		(23,312,130)	365,259,040	(16,029,837)	(2,446,855)
Items that will be reclassified subsequently to profit or loss					
Change in fair value of available-for-sale investments, net of tax		(12,031,888)	10,317,258	(11,937,846)	10,321,897
Currency differences on translation		174,540,423	7,660,466	-	-
Total items that will be reclassified subsequently to profit or loss		162,508,535	17,977,724	(11,937,846)	10,321,897
Other comprehensive income (expense) for the years, net of tax		139,196,405	383,236,764	(27,967,683)	7,875,042
<b>Total comprehensive income for the years</b>		<b>1,250,952,308</b>	<b>1,419,474,059</b>	<b>309,778,779</b>	<b>1,449,518,427</b>
<b>Profit for the years attributable to:</b>					
Owners of the parent		1,118,034,881	1,037,762,186	337,746,462	1,441,643,385
Non-controlling interests		(6,278,978)	(1,524,891)	-	-
<b>Profit for the years</b>		<b>1,111,755,903</b>	<b>1,036,237,295</b>	<b>337,746,462</b>	<b>1,441,643,385</b>
<b>Total comprehensive income for the years attributable to:</b>					
Owners of the parent		1,260,003,066	1,420,874,748	309,778,779	1,449,518,427
Non-controlling interests		(9,050,758)	(1,400,689)	-	-
<b>Total comprehensive income for the years</b>		<b>1,250,952,308</b>	<b>1,419,474,059</b>	<b>309,778,779</b>	<b>1,449,518,427</b>
<b>Earnings per share</b>					
Basic earnings per share	34	0.87	0.81	0.26	1.13

The notes to the consolidated and company financial statements are integral part of the financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

FOR THE YEAR ENDED 31 DECEMBER 2015

	Consolidated												
	Notes	Attributable to owners of the parent											
		Other components of equity											
		Other comprehensive income											
	Issued and paid-up share capital	Premium on share capital	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Cumulative currency differences on translation	Appropriated - legal reserve	Unappropriated	owners of the parent	Non-controlling interests	shareholders' equity		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Opening balance as at 1 January 2015	1,280,000,000	8,550,989,821	(173,134,488)	1,470,543,779	18,864,175	(445,858,809)	128,000,000	9,662,264,944	20,491,669,422	100,198,868	20,591,868,290		
Profit for the year	-	-	-	-	-	-	-	1,118,034,881	1,118,034,881	(6,278,978)	1,111,755,903		
Other comprehensive income													
Asset revaluation surplus, net of tax	-	-	-	2,276,957	-	-	-	-	2,276,957	-	2,276,957		
Disposal of assets, net of tax	-	-	-	(25,432,581)	-	-	-	25,432,581	-	-	-		
Depreciation on assets revaluation, net of tax	-	-	-	(19,588,270)	-	-	-	19,588,270	-	-	-		
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	(12,031,888)	-	-	-	(12,031,888)	-	(12,031,888)		
Actuarial gains on defined employee benefit plans, net of tax	-	-	-	-	-	-	-	(25,589,087)	(25,589,087)	-	(25,589,087)		
Currency differences on translation	-	-	-	-	-	177,312,203	-	-	177,312,203	(2,771,780)	174,540,423		
Total other comprehensive income, net of tax	-	-	-	(42,743,894)	(12,031,888)	177,312,203	-	19,431,764	141,968,185	(2,771,780)	139,196,405		
Total comprehensive income	-	-	-	(42,743,894)	(12,031,888)	177,312,203	-	1,137,466,645	1,260,003,066	(9,050,758)	1,250,952,308		
Transactions with shareholders' equity													
Dividend payment	35	-	-	-	-	-	-	(512,000,000)	(512,000,000)	-	(512,000,000)		
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	(200)	(200)		
Non-controlling interests invested in subsidiaries		-	-	-	-	-	-	-	-	3,088,337	3,088,337		
Total transactions with shareholders' equity		-	-	-	-	-	-	(512,000,000)	(512,000,000)	3,088,137	(508,911,863)		
Closing balance as at 31 December 2015		1,280,000,000	8,550,989,821	(173,134,488)	1,427,799,885	6,832,287	(268,546,606)	128,000,000	21,239,672,488	94,236,247	21,333,908,735		

The notes to the consolidated and company financial statements are 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 2015

	Consolidated											
	Attributable to owners of the parent											
	Other components of equity											
	Other comprehensive income											
	Retained earnings											
		Issued and paid-up share capital	Premium on share capital	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Cumulative currency differences on translation	Appropriated - legal reserve	Unappropriated	owners of the parent	Non-controlling interests	shareholders' equity
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2014		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												
Asset revaluation surplus, net of tax		-	-	-	361,386,290	-	-	-	-	361,386,290	-	361,386,290
Depreciation 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 losses on defined employee benefit plans, net of tax		-	-	-	-	-	-	-	-	-	-	-
Currency differences on translation		-	-	-	-	-	7,536,263	-	3,872,750	3,872,750	-	3,872,750
Total other comprehensive income, net of tax		-	-	-	340,315,221	10,317,258	7,536,263	-	24,943,819	383,112,561	124,203	7,660,466
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
Transactions with shareholders' equity												
Dividend payment	35	-	-	-	-	-	-	-	(832,000,000)	(832,000,000)	-	(832,000,000)
Dividend payment from subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,048)	(1,048)
Non-controlling interests invested in subsidiaries		-	-	-	-	-	-	-	-	-	13,327,292	13,327,292
Total transactions with shareholders' equity		-	-	-	-	-	-	-	(832,000,000)	(832,000,000)	13,326,244	(818,673,756)
Closing balance as at 31 December 2014		1,280,000,000	8,550,989,821	(173,134,488)	1,470,543,779	18,864,175	(445,858,809)	128,000,000	9,662,264,944	20,491,669,422	100,198,868	20,591,868,290

The notes to the consolidated and company financial statements are 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 2015

	Notes	Company									
		Other components of equity									
		Other comprehensive income									
		Issued and paid-up share capital	Premium on share capital	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Appropriated - legal reserve	Retained earnings	Unappropriated	Total shareholders' equity		
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2015		1,280,000,000	8,550,989,821	691,242,473	18,417,816	128,000,000	4,125,929,305	337,746,462	14,794,579,415		
Profit for the year		-	-	-	-	-	-	-	337,746,462		
Other comprehensive income											
Asset revaluation surplus, net of tax		-	-	2,276,957	-	-	-	-	-	2,276,957	
Disposal of assets, net of tax		-	-	(25,432,582)	-	-	25,432,582	-	-	-	
Depreciation on assets revaluation, net of tax		-	-	(13,759,501)	-	-	13,759,501	-	-	-	
Change in fair value of available-for-sale investments, net of tax		-	-	-	(11,937,846)	-	-	-	(11,937,846)		
Actuarial gains on defined employee benefit plans, net of tax		-	-	(36,915,126)	(11,937,846)	-	-	(18,306,794)	(18,306,794)		
Total other comprehensive income, net of tax		-	-	(36,915,126)	(11,937,846)	-	20,885,289	-	(27,967,683)		
Total comprehensive income		-	-	(36,915,126)	(11,937,846)	-	358,631,751	-	309,778,779		
Transactions with shareholders' equity											
Dividend payment	35	-	-	-	-	-	(512,000,000)	-	(512,000,000)		
Total transactions with shareholders' equity		-	-	-	-	-	(512,000,000)	-	(512,000,000)		
Closing balance as at 31 December 2015		1,280,000,000	8,550,989,821	654,327,347	6,479,970	128,000,000	3,972,561,056	-	14,592,358,194		

The notes to the consolidated and company financial statements are 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 2015

	Company									
	Other components of equity									
	Other comprehensive income									
	Issued and paid-up share capital		Premium on share capital		Asset revaluation surplus, net of accumulated depreciation		Unrealised gains on available-for-sale investments		Retained earnings	
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2014	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			
Profit for the year	-	-	-	-	-	1,441,643,385	1,441,643,385			
Other comprehensive income										
Depreciation 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	-	-	-			
Actuarial gains on defined employee benefit plans, net of tax	-	-	-	-	-	(2,446,855)	10,321,897			
Total other comprehensive income, net of tax	-	-	(14,963,123)	10,321,897	-	12,516,268	(2,446,855)			
Total comprehensive income	-	-	(14,963,123)	10,321,897	-	1,454,159,653	1,449,518,427			
Transactions with shareholders' equity										
Dividend payment	-	-	-	-	-	(832,000,000)	(832,000,000)			
Total transactions with shareholders' equity	-	-	-	-	-	(832,000,000)	(832,000,000)			
Closing balance as at 31 December 2014	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 are 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 2015

	Notes	CONSOLIDATED		COMPANY	
		2015	2014	2015	2014
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit before income tax		1,143,273,754	1,076,369,658	336,509,104	1,461,575,542
Adjustments for:					
Unrealised (gains) losses on foreign currency translations		165,826,333	259,204,217	(92,948,660)	(3,908,434)
Unrealised gains on revaluation of derivative financial instruments		(188,233,729)	(333,817,228)	(190,905,407)	(250,415,404)
(Reversal of) allowance for impairment of trade accounts receivable		(5,476,184)	8,033,169	-	4,396,349
(Reversal of) allowance for inventory cost in excess of net realisable value		373,838,194	74,497,624	167,854,777	(642,251)
Provision for retirement benefit obligations	23	24,588,801	15,675,379	7,210,190	6,516,186
Depreciation charges	15	1,021,709,275	866,886,616	477,239,592	359,247,779
Amortisation charges - rubber and palm plantations	16	687,428	805,732	371,012	480,009
Amortisation charges - intangible assets	17	32,701,770	9,784,046	27,137,109	4,778,743
Loss on asset revaluation	15	-	26,457,735	-	-
Finance costs	32	857,323,014	663,386,209	360,937,361	367,730,540
Dividend income	30	(36,755,100)	(1,638,844)	(386,749,553)	(1,057,448,889)
Share of profit from investments in associates and joint ventures	13	(648,823,974)	(535,088,818)	-	-
(Gains) losses on disposal and write-off of property, plant and equipment, rubber and palm plantations and intangible assets	31	(44,509,277)	6,188,142	(34,138,669)	5,347,737
Losses on revaluation of investment properties	31	29,193,380	6,662,654	-	-
Changes in operating assets and liabilities:					
(Increase) decrease in operating assets					
- Trade accounts receivable and other receivables		839,626,435	2,744,823,584	(62,482,010)	1,590,899,380
- Amounts due from futures brokers		(309,636,274)	(71,634,366)	(1,801,194)	66,998,369
- Inventories		(4,308,561,608)	6,477,497,259	(1,759,644,580)	2,453,589,672
- Other current assets		(107,915,983)	(49,523,064)	(9,457,475)	(25,407,781)
- Other non-current assets		(2,167,784)	(12,939,048)	(1,138,042)	(969,191)
Increase (decrease) in operating liabilities					
- Trade accounts payable and other payables		128,785,463	(1,143,381,408)	(83,378,671)	(302,452,230)
- Other current liabilities		(4,327,746)	(2,124,691)	(1,292,687)	8,318,753
<b>Cash provided by (used in) operating activities</b>		<b>(1,038,853,812)</b>	<b>10,086,124,557</b>	<b>(1,246,677,803)</b>	<b>4,688,634,879</b>
Interest paid		(855,321,753)	(673,955,736)	(357,126,538)	(377,211,179)
Income tax paid		(173,018,627)	(141,432,703)	(62,103,977)	(78,684,339)
Employee benefits paid	23	(7,233,370)	(862,380)	(6,543,270)	(293,960)
<b>Net cash provided by (used in) operating activities</b>		<b>(2,074,427,562)</b>	<b>9,269,873,738</b>	<b>(1,672,451,588)</b>	<b>4,232,445,401</b>

The notes to the consolidated and company financial statements are 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 2015

	Notes	CONSOLIDATED		COMPANY	
		2015	2014	2015	2014
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Cash received from long-term borrowings to an associate		-	65,180,000	-	65,180,000
Cash paid from long-term borrowings to an associate		-	-	(540,000,000)	-
(Increase) decrease in fixed deposits pledged as collateral		1,122,131	26,599,060	(200,871)	(494,585)
(Increase) decrease in available-for-sale investments	14	58,030	(40,000)	57,771	-
Dividends received		36,755,100	526,102,507	386,749,553	1,057,448,889
Cash paid for investments in subsidiaries	13	-	-	(1,016,780,000)	(940,000,000)
Proceeds from disposal of property, plant and equipment, rubber and palm plantations and intangible assets		114,134,579	21,206,971	87,418,018	2,418,037
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets		(2,616,502,311)	(3,010,789,890)	(1,230,586,425)	(1,403,633,386)
<b>Net cash used in investing activities</b>		<b>(2,464,432,471)</b>	<b>(2,371,741,352)</b>	<b>(2,313,341,954)</b>	<b>(1,219,081,045)</b>
<b>Cash flows from financing activities</b>					
Increase (decrease) in short-term borrowings from financial institutions		4,005,405,294	(5,041,671,743)	3,472,287,000	(1,723,699,000)
Proceeds from long-term borrowings		1,230,157,000	940,000,000	980,157,000	940,000,000
Repayments of long-term borrowings		(90,264,000)	(113,404,000)	-	-
Repayments of debentures		-	(1,600,000,000)	-	(1,600,000,000)
Payments on finance lease liabilities		(31,903,876)	(25,492,854)	(3,914,579)	(4,872,717)
Dividend paid	35	(512,000,000)	(832,000,000)	(512,000,000)	(832,000,000)
Dividend paid from subsidiaries to non-controlling interests		(200)	(1,048)	-	-
Proceeds from capital increase from non-controlling interests		3,088,337	13,327,292	-	-
<b>Net cash provided by (used in) financing activities</b>		<b>4,604,482,555</b>	<b>(6,659,242,353)</b>	<b>3,936,529,421</b>	<b>(3,220,571,717)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>65,622,522</b>	<b>238,890,033</b>	<b>(49,264,121)</b>	<b>(207,207,361)</b>
Cash and cash equivalents at the beginning of the years		2,131,618,737	1,892,728,704	351,506,312	558,713,673
<b>Cash and cash equivalents at the end of the years</b>	7	<b>2,197,241,259</b>	<b>2,131,618,737</b>	<b>302,242,191</b>	<b>351,506,312</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		(2,590,418,411)	(2,904,653,271)	(1,236,127,787)	(1,306,998,862)
Increase in finance lease liabilities		4,496,003	42,309,806	4,496,002	2,887,200
Increase (decrease) in payable from purchases of assets		(30,579,903)	(148,446,425)	1,045,360	(99,521,724)
<b>Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets</b>		<b>(2,616,502,311)</b>	<b>(3,010,789,890)</b>	<b>(1,230,586,425)</b>	<b>(1,403,633,386)</b>

The notes to the consolidated and company financial statements are 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 2015

#### 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 its 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 26 February 2016.

#### 2 Basis of financial statement preparation

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

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies

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

##### 3.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group.

(a) Financial reporting standards, which do not have a significant 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 the Group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently. 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) provide the requirements relating to separate financial statements.

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

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

3.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the group. (Cont'd)

(a) Financial reporting standards, which do not have a significant impact to the Group: (Cont'd)

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.

TFRS 10 has a single definition of control to supersede 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 defined 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

3.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group. (Cont'd)

(a) Financial reporting standards, which do not have a significant impact to the Group: (Cont'd)

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.

(b) Financial reporting standards 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 contracts
TAS 12 (revised 2014)	Income taxes
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 20 (revised 2014)	Accounting for government grants and 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

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

3.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group. (Cont'd)

(b) Financial reporting standards with minor changes and do not have impact to the Group are as follows: (Cont'd)

TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current assets 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
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 TAS 29 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



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

3.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted:

(a) Financial reporting standard, which may has a significant impact to the Group:

TAS 41(revised 2015)	Agriculture
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TAS 41, 'Agriculture' requires biological assets including agricultural produce, harvested product of the entity's biological assets, to be measured at fair value less cost to sell.

The practical guide on TAS 41 issued by the FAP excludes bearer plant from the scope of TAS 41. The guide required bearer plant to be measured at cost less accumulated depreciation and impairment losses, if any, according to TAS 16.

(b) Financial reporting standards, which do not have a significant impact to the Group:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 4 (revised 2015)	Insurance contracts
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement
TFRIC 21 (revised 2015)	Levies

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

3.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted:

(b) Financial reporting standards, which do not have a significant impact to the Group: (Cont'd)

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting separate financial statements as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model.

TAS 40 (revised 2015), 'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

3.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted:

(b) Financial reporting standards, which do not have a significant impact to the Group: (Cont'd)

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11.

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

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

TFRS 10 (revised 2015), 'Consolidated financial statements' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss.

TFRS 12 (revised 2015), introduces disclosures that an investment entity needs to disclose.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non - financial contracts) within the scope of TAS 39 (when announced) or IFRS 9 (when announced).

TFRIC 21 (revised 2015), 'Levies', the Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of TAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

3.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted:

(c) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 20 (revised 2015)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 29 (revised 2015)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TFRS 5 (revised 2015)	Non - current assets held for sale and discontinued operations
TFRS 6 (revised 2015)	Exploration for and evaluation of mineral resources
TFRS 11 (revised 2015)	Joint arrangements
TSIC 10 (revised 2015)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2015)	Service concession arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

3.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted: (Cont'd)

(c) Financial reporting standards with minor changes and do not have impact to the Group are as follows: (Cont'd)

TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2015)	Applying the restatement approach under TAS 29 (revised 2014) Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 12 (revised 2015)	Service concession arrangements
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non - cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers
TFRIC 20 (revised 2015)	Stripping costs in the production phase of a surface mine

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

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

###### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method 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 to the former owners of the acquiree 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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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 identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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.

Intercompany transactions, balances and unrealised gains or losses on transactions between the 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.

In the Company's separated financial statements, investments in subsidiaries are 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.

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

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

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

###### (b) Transactions and non-controlling interests

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

###### (c) Disposal of subsidiaries

When the Group ceases to have control, 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.

###### (d) 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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but 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.

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.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

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

###### (d) Associates (Cont'd)

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 separated financial statements, investments in associates are 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.

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

###### (e) Joint arrangements

The Group has applied TFRS11 to all joint arrangements as of 1 January 2015. Under TFRS11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2015.

The change in accounting policy has had no impact to the Group.

A list of the Group's joint ventures is set out in Note 13.3.



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.4 Foreign currency translation

###### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, 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.

###### (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 in other comprehensive income

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.

##### 3.5 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.6 Trade accounts receivable

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

##### 3.7 Inventories

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

##### 3.8 Investments

Investments other than the investments in subsidiaries, associates and joint ventures 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 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.8 Investments (Cont'd)

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. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

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 income of statement.

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.

##### 3.9 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 (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.9 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 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.

##### 3.10 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.11 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 - 10 years.

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

##### 3.12 Investment properties

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

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

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

After initial recognition, investment property is carried at fair value. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain from fair value adjustment on investment property.



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.13 Impairment of assets

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

##### 3.14 Financial instruments

###### (a) 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.

###### (b) 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.15 Borrowings

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

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

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### 3.16 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.17 Current and deferred income taxes

The tax expense for the period comprises current and deferred taxes. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. 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 end of the reporting period 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.18 Employee benefits

###### (a) Defined contribution plans

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

The contributions from those entities to the post-employment benefit plans are charged to the statement of comprehensive income in the accounting period in which they occur.

###### (b) Post-employment benefit obligations

The Group provides post-employment benefits, payable to employees under the Thai Labour Law. The amounts payable in the future depend on the salary and years of service of the respective employees. The defined benefit obligations are measured, using the Projected Unit Credit method calculated with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period, by an independent actuary, in accordance with actuarial technique as the present value of the estimated future cash outflows, based on employee salaries, turnover rate, retirement ages, mortality rate, length of service and others, and using interest rates of government bonds, which have terms to maturity approximating to the terms of the related obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

##### 3.19 Provisions

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

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.20 Share capital

Ordinary shares are classified as equity.

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

##### 3.21 Revenue recognition

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

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

(a) Sales of goods

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

(b) Rendering of services

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

(c) Interest income

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

(d) Dividend income

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

(e) Rental income

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



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Accounting policies (Cont'd)

##### 3.22 Dividend distribution

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

##### 3.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director that makes strategic decisions.

#### 4 Critical accounting estimates and judgments

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

##### 4.1 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amounts often requires the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance. The key line item affected will be "Property, plant and equipment" as disclosed in Note 15.

##### 4.2 Income taxes and deferred income taxes

The Group 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 5 Financial risk management

##### 5.1 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 5 Financial risk management (Cont'd)

## 5.1 Financial risk factors (Cont'd)

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

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

If Thai Baht had changed by 3% (2014: 1%) against the US dollars and 8% (2014: 7%) against the Indonesian Rupiah (IDR) with all other variables held constant, post-tax profit for the years, and shareholders' equity would have been impacted as follows:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Impact to profit after tax in the statement of comprehensive income				
THB against USD				
- Weakened	(45,032)	(7,148)	(39,518)	(7,020)
- Strengthened	45,032	7,148	39,518	7,020
THB against IDR				
- Weakened	(111,398)	(28,008)	-	-
- Strengthened	111,398	28,008	-	-
Impact to shareholders' equity in the statement of financial position				
THB against USD				
- Weakened	(146,688)	(19,708)	-	-
- Strengthened	146,688	19,708	-	-
THB against IDR				
- Weakened	(120,912)	(95,962)	-	-
- Strengthened	120,912	95,962	-	-

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 5 Financial risk management (Cont'd)

## 5.1 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 25% (2014: 12%), with all other variables held constant, post-tax profit for the years will increase/decrease as follows:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Profit and loss	1,637,549	353,873	1,135,128	198,816

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 8% (2014: 7%), 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	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Equity - unrealised gains on available-for-sale investments	3,288	3,904	3,967	5,112

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 5 Financial risk management (Cont'd)

## 5.1 Financial risk factors (Cont'd)

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

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

The Group's 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 0.23% (2014: 0.25%), the post-tax profit for the years will increase/decrease as follows:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Profit and loss	38,467	32,199	25,043	18,054

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.



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 5 Financial risk management (Cont'd)

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

###### (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.

	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 2015</b>					
Short-term borrowings from financial institutions	13,479,698	-	-	-	13,479,698
Trade accounts payable	1,613,875	-	-	-	1,613,875
Accrued expenses	824,969	-	-	-	824,969
Long-term borrowings from financial institutions	468,446	779,018	1,654,627	2,037,947	4,940,038
Debentures	882,121	-	667,685	-	1,549,806
Finance lease liabilities	25,874	9,835	1,803	-	37,512
Derivative financial instruments					
- Foreign exchange swaps	1,091,756	-	-	-	1,091,756
- Rubber futures (Buy)	146,057	-	-	-	146,057
- Rubber futures (Sell)	(5,393,779)	-	-	-	(5,393,779)
- Forward foreign exchange contracts - receipts	(2,141,727)	-	-	-	(2,141,727)
- Physical forward contracts (Buy)	662,389	-	-	-	662,389
- Physical forward contracts (Sell)	(334,057)	-	-	-	(334,057)

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 5 Financial risk management (Cont'd)

## 5.1 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 borrowings 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 borrowings 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 (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 5 Financial risk management (Cont'd)

##### 5.1 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 2015</b>					
Short-term borrowings from financial institutions	7,744,898	-	-	-	7,744,898
Trade accounts payable	887,410	-	-	-	887,410
Accrued expenses	461,226	-	-	-	461,226
Long-term borrowings from financial institutions	204,360	777,499	1,653,891	2,037,947	4,673,697
Debentures	882,121	-	667,685	-	1,549,806
Finance lease liabilities	3,866	3,086	1,803	-	8,755
Derivative financial instruments					
- Foreign exchange swaps	1,091,756	-	-	-	1,091,756
- Rubber futures (Buy)	146,057	-	-	-	146,057
- Rubber futures (Sell)	(4,384,811)	-	-	-	(4,384,811)
- Forward foreign exchange contracts - receipts	(1,715,314)	-	-	-	(1,715,314)
<b>At 31 December 2014</b>					
Short-term borrowings from financial institutions	4,267,112	-	-	-	4,267,112
Trade accounts payable	979,827	-	-	-	979,827
Accrued expenses	413,540	-	-	-	413,540
Long-term borrowings 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 (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 5 Financial risk management (Cont'd)

## 5.2 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 2015 and 2014 were as follows:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Total liabilities	22,544,719	17,198,662	14,863,207	10,432,639
<u>Less</u> Cash and cash equivalents	(2,197,241)	(2,131,619)	(302,242)	(351,506)
Net debt	20,347,478	15,067,043	14,560,965	10,081,133
Total equity	21,333,909	20,591,868	14,592,358	14,794,579
<b>Net debt to total equity ratio</b>	<b>0.95</b>	<b>0.73</b>	<b>0.99</b>	<b>0.68</b>

## 5.3 Fair value measurements

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 5 Financial risk management (Cont'd)

## 5.3 Fair value measurements (Cont'd)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015. See note 15 and note 18 for disclosures of the land, land improvements, buildings, structures and investment properties that are measured at fair value.

	CONSOLIDATED			
	Level 1	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets</b>				
Available-for-sale financial assets				
- Equity securities	40,199	-	-	40,199
Financial assets at fair value through profit or loss				
- Trading derivatives (Note 8)	275,418	61,319	-	336,737
<b>Total assets</b>	<b>315,617</b>	<b>61,319</b>	<b>-</b>	<b>376,936</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	13,972	257,591	-	271,563
<b>Total liabilities</b>	<b>13,972</b>	<b>257,591</b>	<b>-</b>	<b>271,563</b>

	COMPANY			
	Level 1	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets</b>				
Available-for-sale financial assets				
- Equity securities	39,291	-	-	39,291
Financial assets at fair value through profit or loss				
- Trading derivatives	264,413	615	-	265,028
<b>Total assets</b>	<b>303,704</b>	<b>615</b>	<b>-</b>	<b>304,319</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	7,121	189,091	-	196,212
<b>Total liabilities</b>	<b>7,121</b>	<b>189,091</b>	<b>-</b>	<b>196,212</b>



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 5 Financial risk management (Cont'd)

## 5.3 Fair value measurements (Cont'd)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	CONSOLIDATED			
	Level 1	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets</b>				
Available-for-sale financial assets				
- Equity securities	53,245	-	-	53,245
Financial assets at fair value through profit or loss				
- Trading derivatives	37,799	51,968	-	89,767
<b>Total assets</b>	<b>91,044</b>	<b>51,968</b>	<b>-</b>	<b>143,012</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	37,017	175,810	-	212,827
<b>Total liabilities</b>	<b>37,017</b>	<b>175,810</b>	<b>-</b>	<b>212,827</b>

	COMPANY			
	Level 1	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets</b>				
Available-for-sale financial assets				
- Equity securities	52,239	-	-	52,239
Financial assets at fair value through profit or loss				
- Trading derivatives	33,731	-	-	33,731
<b>Total assets</b>	<b>85,970</b>	<b>-</b>	<b>-</b>	<b>85,970</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	27,664	128,156	-	155,820
<b>Total liabilities</b>	<b>27,664</b>	<b>128,156</b>	<b>-</b>	<b>155,820</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 5 Financial risk management (Cont'd)

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

There were no transfers between levels 1 and 2 during the year.

##### (a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

##### (b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by 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, 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 or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

#### 6 Segment information

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

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 6 Segment information (Cont'd)

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 Businesses: 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 2015, the Group operates two business segments in seven main geographical areas (2014: seven main geographical areas). The allocation of revenue to each geographical area is based on the origin of sales.

Reportable segments by geographical areas of consolidated financial statements for the year ended 31 December 2015:

	CONSOLIDATED							Other	
	Natural Rubber Products							Businesses	
	Thailand	Indonesia	Singapore	USA	China	Vietnam	Myanmar	Thailand	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Segment revenues	40,722,549	8,361,978	19,210,449	2,290,498	1,514,588	-	-	2,967,126	75,067,188
Inter-segment revenues	(5,252,546)	(5,707,476)	(1,640,590)	(16,778)	-	-	-	(1,158,016)	(13,775,406)
<b>Revenues from external customers</b>	<b>35,470,003</b>	<b>2,654,502</b>	<b>17,569,859</b>	<b>2,273,720</b>	<b>1,514,588</b>	<b>-</b>	<b>-</b>	<b>1,809,110</b>	<b>61,291,782</b>
Depreciation and amortization	(755,903)	(215,503)	(11,287)	(2,103)	(2,850)	-	(56)	(67,396)	(1,055,098)
Finance income	40,582	4,872	94	102	1,488	48	-	990	48,176
Finance costs	(402,766)	(406,438)	(11,293)	(32,449)	-	-	-	(4,377)	(857,323)
Share of profit from investments in associates and joint ventures	648,824	-	-	-	-	-	-	-	648,824
Profit (loss) before income tax	1,146,808	(205,850)	495,667	(42,587)	(13,520)	(521)	(56)	167,768	1,547,709
Income tax	6,734	44,715	(40,986)	17,468	(1,474)	-	-	(57,975)	(31,518)
Profit (loss) for the year	1,153,542	(161,135)	454,681	(25,119)	(14,994)	(521)	(56)	109,793	1,516,191
Intersegmental balances									(404,435)
<b>Total profit for the year</b>									<b>1,111,756</b>
Total assets	36,114,612	5,122,300	5,203,143	1,157,439	1,152,299	32,007	85,877	8,972,888	57,840,565
Intersegmental balances									(13,961,937)
<b>Total assets</b>									<b>43,878,628</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 6 Segment information (Cont'd)

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

	CONSOLIDATED								
	Natural Rubber Products						Other Businesses		
	Thailand	Indonesia	Singapore	USA	China	Vietnam	Myanmar	Thailand	Total
	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 amortization	(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	2,062,526	(151,176)	273,337	(46,217)	44,724	(1,793)	(531)	47,713	2,228,583
Intersegmental balances									(1,192,346)
<b>Total profit for the year</b>									<b>1,036,237</b>
Total assets	31,148,828	4,432,527	3,565,800	1,562,899	471,148	32,553	31,182	7,562,423	48,807,360
Intersegmental balances									(11,016,830)
<b>Total assets</b>									<b>37,790,530</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 6 Segment information (Cont'd)

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

	CONSOLIDATED	
	2015	2014
	Baht'000	Baht'000
Thailand	14,662,042	13,421,341
Indonesia	2,074,725	1,868,692
Singapore	165,718	181,942
USA	4,601	5,975
China	10,182	12,389
Myanmar	10,506	2,094
Vietnam	213	8
<b>Total</b>	<b>16,927,987</b>	<b>15,492,441</b>

## 7 Cash and cash equivalents

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	28,260	20,311	8,415	4,727
Deposits held at call with banks	2,168,981	2,111,308	293,827	346,779
<b>Total cash and cash equivalents</b>	<b>2,197,241</b>	<b>2,131,619</b>	<b>302,242</b>	<b>351,506</b>

The effective interest rates on deposits held at call with banks were between 0.1% and 7.5% per annum (2014: 0.1% and 5.5% per annum).



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 8 Derivative financial instruments

	CONSOLIDATED			
	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	Baht'000	Baht'000	Baht'000	Baht'000
Foreign exchange swaps	-	(183,079)	-	(89,118)
Forward foreign exchange contracts	615	(7,226)	7,222	(53,616)
Rubber futures	275,418	(13,972)	37,799	(37,017)
Physical forward contracts	60,704	(67,286)	44,746	(33,076)
<b>Total derivative financial instruments</b>	<b>336,737</b>	<b>(271,563)</b>	<b>89,767</b>	<b>(212,827)</b>

	COMPANY			
	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	Baht'000	Baht'000	Baht'000	Baht'000
Foreign exchange swaps	-	(183,079)	-	(89,118)
Forward foreign exchange contracts	615	(6,012)	-	(39,038)
Rubber futures	264,413	(7,121)	33,731	(27,664)
<b>Total derivative financial instruments</b>	<b>265,028</b>	<b>(196,212)</b>	<b>33,731</b>	<b>(155,820)</b>

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Notional amounts</b>				
Foreign exchange swaps	1,091,756	997,200	1,091,756	997,200
Forward foreign exchange contracts	2,141,727	2,693,284	1,715,314	2,094,414
Rubber futures	5,539,836	1,925,859	4,530,868	1,666,275
Physical forward contracts	996,446	1,039,947	-	-

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 9 Trade accounts receivable and other receivables, net

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable - other companies	3,408,931	4,407,507	1,240,213	1,724,600
<u>Less</u> Allowance for impairment of trade accounts receivable	(132,478)	(126,791)	(68,527)	(61,850)
Total trade accounts receivable - other companies, net	3,276,453	4,280,716	1,171,686	1,662,750
Trade accounts receivable - related companies (Note 36.3)	94,302	100,267	1,040,987	459,144
Total trade accounts receivable, net	3,370,755	4,380,983	2,212,673	2,121,894
Advances for inventories	219,528	48,287	22,590	6,465
Prepaid expenses	173,081	110,074	38,484	17,645
Accrued income and other receivables	90,866	149,036	86,564	151,825
<b>Total trade accounts receivable and other receivables, net</b>	<b>3,854,230</b>	<b>4,688,380</b>	<b>2,360,311</b>	<b>2,297,829</b>

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Within credit terms	2,960,765	3,860,559	996,121	1,501,258
Overdue 1 - 30 days	257,675	406,244	156,726	145,932
Overdue 31 - 60 days	34,046	8,320	13,310	3,861
Overdue 61 - 90 days	23,144	1,497	1,259	893
Overdue 91 - 120 days	1,069	1,967	926	1,956
Overdue 121 - 365 days	5,873	5,691	3,147	5,691
More than 365 days	126,359	123,229	68,724	65,009
	3,408,931	4,407,507	1,240,213	1,724,600
<u>Less</u> Allowance for impairment of trade accounts receivable	(132,478)	(126,791)	(68,527)	(61,850)
<b>Total trade accounts receivable other companies, net</b>	<b>3,276,453</b>	<b>4,280,716</b>	<b>1,171,686</b>	<b>1,662,750</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Within credit terms	94,302	100,243	1,034,596	454,202
Overdue 1 - 30 days	-	24	9	1,108
Overdue 31 - 60 days	-	-	-	3,834
Overdue 61 - 90 days	-	-	1,499	-
Overdue 91 - 120 days	-	-	685	-
Overdue 121 - 365 days	-	-	4,198	-
More than 365 days	-	-	-	-
<b>Total trade accounts receivable - related companies</b>	<b>94,302</b>	<b>100,267</b>	<b>1,040,987</b>	<b>459,144</b>

As at 31 December 2015 and 2014, accrued income and other receivables are within credit terms.

#### 10 Inventories, net

	CONSOLIDATED					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2015	2014	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	6,380,921	3,607,598	(336,205)	(82,866)	6,044,716	3,524,732
Work-in-progress	2,867,255	2,092,067	(131,346)	(13,696)	2,735,909	2,078,371
Raw materials, vessels and chemicals	5,080,822	4,321,694	(33,726)	(30,895)	5,047,096	4,290,799
Spare parts and supplies	132,030	136,042	-	-	132,030	136,042
<b>Total</b>	<b>14,461,028</b>	<b>10,157,401</b>	<b>(501,277)</b>	<b>(127,457)</b>	<b>13,959,751</b>	<b>10,029,944</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 10 Inventories, net (Cont'd)

	COMPANY					
	At cost		Allowance for inventory cost in excess of net realisable value		Total inventories, net	
	2015	2014	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Finished goods	1,886,758	1,248,361	(104,642)	-	1,782,116	1,248,361
Work-in-progress	1,325,781	899,707	(63,213)	-	1,262,568	899,707
Raw materials, vessels and chemicals	3,244,397	2,550,788	-	-	3,244,397	2,550,788
Spare parts and supplies	46,062	44,497	-	-	46,062	44,497
<b>Total</b>	<b>6,502,998</b>	<b>4,743,353</b>	<b>(167,855)</b>	<b>-</b>	<b>6,335,143</b>	<b>4,743,353</b>

During the year 2015, the cost of inventories for the consolidated financial statements was recognised as costs of sales and services amounting to Baht 52,719 million (2014: Baht 67,548 million) and for the Company financial statements amounting to Baht 25,032 million (2014: Baht 33,146 million).

Inventories are carried at lower of cost or net realisable value. As at 31 December 2015, the Group provided for an allowance for inventory cost in excess of net realisable value amounting to Baht 501 million (Company: Baht 168 million).

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 11 Other current assets

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Value added tax refundable	207,862	198,223	66,814	64,793
Prepaid withholding tax	154,358	133,910	-	-
Value added tax suspend	118,368	20,091	19,501	12,065
<b>Total other current assets</b>	<b>480,588</b>	<b>352,224</b>	<b>86,315</b>	<b>76,858</b>

#### 12 Fixed deposits pledged as collateral

Fixed deposits amounting to Baht 33 million (2014: Baht 35 million) are pledged as collateral for short-term loan facilities with several financial institutions and for bank guarantees. For the year ended 31 December 2015, the fixed deposits earned average interest rate of 0.1% to 1.4% per annum (2014: 0.1% to 2.5% per annum).

#### 13 Investments in subsidiaries, associates and joint ventures

##### 13.1 Subsidiaries

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

As at 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Subsidiaries	-	-	10,701,421	9,684,641
	-	-	10,701,421	9,684,641



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

## 13.1 Subsidiaries (Cont'd)

Significant investments of the Company and its subsidiaries are as follows:

		CONSOLIDATED		
		Countries of incorporation	% Ownership interest	
Activities			2015	2014
Subsidiaries				
Sri Trang International Pte Ltd.	Distribution of rubber products	Singapore	100.00	100.00
Sri Trang USA, Inc.	Distribution of rubber products	USA	100.00	100.00
PT Sri Trang Lingga Indonesia	Manufacture of STR block rubber Products	Indonesia	90.00	90.00
Anvar Parawood Co., Ltd.	Manufacture of parawood	Thailand	99.94	99.94
Rubberland Products Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Namhua Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Sadao P.S. Rubber Co., Ltd.	Manufacture of rubber products	Thailand	99.99	99.99
Startex Rubber Co., Ltd.	Rubber and palm plantation	Thailand	99.99	99.99
Premier System Engineering Co., Ltd.	Providing engineering services	Thailand	99.99	99.99
Starlight Express Transport Co., Ltd.	Providing of logistics services	Thailand	99.99	99.99
Sri Trang Rubber & Plantation Co., Ltd.	Rubber plantation	Thailand	99.99	99.99
Shi Dong Shanghai Rubber Co., Ltd.	Distribution of rubber products	China	100.00	100.00
Indirect subsidiaries				
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	100.00	100.00
PT Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Manufacture of STR block rubber products	Indonesia	99.00	99.00
Sri Trang Indochina (Vietnam) Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Distribution of rubber products	Vietnam	100.00	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	59.00

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

## 13.1 Subsidiaries (Cont'd)

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

			2015		2014	
			(Equivalent)		(Equivalent)	
	Relationships	Currencies	Amount	Baht Million	Amount	Baht Million
Sri Trang Rubber & Plantation Co., Ltd.	A subsidiary	Baht Million	-	711	-	940
Sri Trang International Pte Ltd.	An overseas subsidiary	USD Million	9	306	-	-
		Total		1,017		940

## 13.2 Associates

## Investments accounted for using equity method

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

As at 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Associates	1,357,762	1,157,810	649,178	649,178
	1,357,762	1,157,810	649,178	649,178

The amount recognised in the statement of comprehensive income are as follows:

For the years ended 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Associates	153,011	143,296	-	-
	153,011	143,296	-	-

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

## 13.2 Associates (Cont'd)

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:

Name	Activities	Countries of incorporation	Baht'000				%
			Assets	Liabilities	Revenues	Profits (losses)	Ownership interest
2015							
Direct associates							
Semperflex Asia Co., Ltd.	Manufacture of hydraulic hoses	Thailand	749,673	76,372	647,806	149,382	42.50
Sempermed USA, Inc.	Distribution of medical gloves	USA	675,331	333,727	1,793	21,581	45.12
Pattana Agro Futures Co., Ltd.	Futures broker	Thailand	98,608	58,599	2,797	(3,317)	40.00
Semperflex Shanghai Co., Ltd.	Manufacture of hydraulic hoses	China	389,479	100,520	236,918	1,709	50.00
Sempermed Singapore Pte Ltd.	Investment holding in the company selling medical gloves	Singapore	70,204	4,275	2,169	(23,945)	50.00
Indirect associates							
Sempermed Brazil Comercio Exterior LTDA. (Held by Sempermed Singapore Pte Ltd.)	Sales of medical gloves	Brazil	52,016	15,799	-	-	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	54,786	5,816	2,456	471	40.23
Formtech Engineering (M) Sdn. Bhd. (Held by Sempermed Singapore Pte Ltd.)	Manufacture of glove formers	Malaysia	37,330	11,435	65,085	7,130	41.43
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

The Group has individually immaterial associates disclose above that are accounted for using the equity method.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### 13.3 Interest in joint ventures

Investments accounted for using equity method

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

As at 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Joint ventures	3,378,970	2,878,241	83,100	83,100
	<u>3,378,970</u>	<u>2,878,241</u>	<u>83,100</u>	<u>83,100</u>

The amount recognised in the statement of comprehensive income are as follows:

For the years ended 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Joint ventures	495,813	391,793	-	-
	<u>495,813</u>	<u>391,793</u>	<u>-</u>	<u>-</u>

The jointly controlled entity is as follows:

Name	Activity	Country of incorporation	% Ownership interest
<b>2015</b>			
Thaitech Rubber Corp. Ltd.	Manufacture of STR block rubber products	Thailand	33.50
Siam Sempermed Corp. Ltd.*	Manufacture of medical gloves	Thailand	40.23
<b>2014</b>			
Thaitech Rubber Corp. Ltd.	Manufacture of STR block rubber products	Thailand	33.50
Siam Sempermed Corp. Ltd.*	Manufacture of medical gloves	Thailand	40.23

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

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### 13.3 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 (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

##### Summarised financial information for joint ventures

Set out below are the summarised financial information for Siam Sempermed Corp. Ltd. which is accounted for using the equity method.

##### (a) Summarised statement of financial position

	AS AT 31 DECEMBER	
	2015	2014
	Baht'000	Baht'000
<b>Current assets</b>		
Cash and cash equivalents	3,158,944	1,735,209
Other current assets (excluding cash)	2,471,704	2,515,806
Total current assets	5,630,648	4,251,015
<b>Non-current assets</b>		
	3,026,059	3,278,449
	8,656,707	7,529,464
<b>Current liabilities</b>		
Other current liabilities (including trade payables)	849,464	964,798
Total current liabilities	849,464	964,798
<b>Non-current liabilities</b>		
Other liabilities	72,417	84,442
Total non-current liabilities	72,417	84,442
	921,881	1,049,240
<b>Net assets</b>	7,734,826	6,480,224

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

## (b) Summarised statement of comprehensive income

	FOR THE YEAR ENDED 31 DECEMBER	
	2015	2014
	Baht'000	Baht'000
Revenue	10,413,251	10,809,887
Depreciation and amortization	(558,556)	(519,538)
Interest income	32,196	19,781
Interest expense	-	(22)
Profit before income tax	1,433,944	1,266,916
Income tax	(195,283)	(241,333)
Profit for the years	1,238,661	1,025,583
Other comprehensive income	15,941	(4,210)
Total comprehensive income	1,254,602	1,021,373
Dividend received from a joint venture	-	402,300

The information above reflects the amounts presented in the financial statements of the joint venture adjusted for differences in accounting policies between the group and the joint venture (and not the group's share of those amounts).

## (c) Reconciliation of summarised financial information

	FOR THE YEAR ENDED 31 DECEMBER	
	2015	2014
	Baht'000	Baht'000
Opening net assets 1 January	6,480,224	6,458,851
Profit for the year	1,238,661	1,025,583
Other comprehensive income	15,941	(4,210)
Dividend paid	-	(1,000,000)
Closing net assets 31 December	7,734,826	6,480,224
Interest in a joint venture before adjustment (40.23%)	3,111,721	2,606,994
Adjustment for differences in accounting policies	(149,653)	(255,675)
Interest in a joint venture (40.23%)	2,962,068	2,351,319
<b>Carrying value</b>	<b>2,962,068</b>	<b>2,351,319</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

###### Individually immaterial a joint venture

In addition to the interests in a joint venture disclosed above, the Group also has interests in a individually immaterial a joint venture that is accounted for using the equity method.

	FOR THE YEAR ENDED 31 DECEMBER	
	2015	2014
	Baht'000	Baht'000
<b>Aggregate carrying amount of individually immaterial a joint venture</b>		
Aggregate amounts of the reporting entity's share of:		
loss before income tax	111,231	110,935
Income tax	2,343	(32,603)
Loss for the year	113,574	78,332
Other comprehensive (income) loss	(49,276)	2,707
<b>Total comprehensive loss for the years</b>	<b>64,298</b>	<b>81,039</b>

#### 14 Long-term investments

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amounts	63,672	52,439	62,666	51,521
Additions	-	40	-	-
Disposals	(58)	-	(58)	-
Changes in fair values of available-for-sale investments	(12,988)	11,193	(12,890)	11,145
<b>Ending net book amounts</b>	<b>50,626</b>	<b>63,672</b>	<b>49,718</b>	<b>62,666</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Long-term investments are analysed as follows:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
At 31 December				
Available-for-sale investments	40,199	53,245	39,291	52,239
General investments	10,427	10,427	10,427	10,427
<b>Total long-term investments</b>	<b>50,626</b>	<b>63,672</b>	<b>49,718</b>	<b>62,666</b>

## Available-for-sale investments

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Available-for-sale investments at cost	32,758	32,816	32,294	32,352
Cumulative changes in fair value	7,441	20,429	6,997	19,887
<b>Total available-for-sale investments at fair value</b>	<b>40,199</b>	<b>53,245</b>	<b>39,291</b>	<b>52,239</b>

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Cumulative from change in fair value	7,441	20,429	6,997	19,887
Effect on deferred income tax	(609)	(1,565)	(517)	(1,469)
<b>Cumulative net gains from change in fair value, net of tax (Note 25)</b>	<b>6,832</b>	<b>18,864</b>	<b>6,480</b>	<b>18,418</b>

## General investments

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>General investments at cost</b>	<b>10,427</b>	<b>10,427</b>	<b>10,427</b>	<b>10,427</b>

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 (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 15 Property, plant and equipment, net

	CONSOLIDATED						Baht'000
	Revaluation basis			Cost basis			
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	
<b>At 1 January 2014</b>							
Cost	5,224,164	2,863,426	4,175,646	682,536	335,103	1,262,037	14,542,912
Add Surplus on asset revaluation	803,438	603,025	-	-	-	-	1,406,463
Less Cumulative losses from asset revaluation	(120,928)	(57,383)	-	-	-	-	(178,311)
Less Accumulated depreciation	(184,479)	(475,497)	(2,134,854)	(460,819)	(213,034)	-	(3,468,683)
Less Allowance for impairment	-	-	(7,541)	-	-	-	(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	12,294,840
Additions	324,920	74,466	102,996	116,651	42,652	1,897,030	2,558,715
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)	(27,235)
Asset revaluation surplus	462,784	-	-	-	-	-	462,784
Loss from asset revaluation	(26,458)	-	-	-	-	-	(26,458)
Depreciation charges (Note 28)	(56,817)	(195,913)	(498,649)	(69,494)	(46,014)	-	(866,887)
Depreciation capitalised to assets	-	(22,696)	(313)	-	-	-	(23,009)
Currency translation difference, net	(1,475)	(3,829)	(6,693)	(1,331)	(150)	(4,238)	(17,716)
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 (CONT'D)

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

## FOR THE YEAR ENDED 31 DECEMBER 2015

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

	CONSOLIDATED						Baht'000
	Revaluation basis			Cost basis			
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	
<b>As at 31 December 2014</b>							
Cost	5,703,770	3,422,209	4,867,492	818,019	401,059	1,682,482	16,895,031
Add Surplus on asset revaluation	1,266,222	603,025	-	-	-	-	1,869,247
Less Cumulative losses from asset revaluation	(147,386)	(57,382)	-	-	-	-	(204,768)
Less Accumulated depreciation	(239,949)	(685,798)	(2,517,617)	(510,137)	(243,434)	-	(4,196,935)
Less Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	6,582,657	3,282,054	2,342,334	307,882	157,625	1,682,482	14,355,034
<b>For the year ended 31 December 2015</b>							
Opening net book value	6,582,657	3,282,054	2,342,334	307,882	157,625	1,682,482	14,355,034
Additions	88,640	34,524	125,802	32,534	39,730	1,669,468	1,990,698
Transfers in (out)	303,606	995,471	776,437	37,402	36,738	(2,149,654)	-
Disposals and write-offs, net	(49,109)	(2,762)	(9,910)	(5,455)	(291)	(1,202)	(68,729)
Asset revaluation surplus	2,459	-	-	-	-	-	2,459
Depreciation charges (Note 28)	(80,264)	(220,712)	(578,517)	(85,565)	(56,651)	-	(1,021,709)
Depreciation capitalised to assets	-	(51,366)	(1,167)	-	-	-	(52,533)
Currency translation difference, net	(152)	(2,763)	(3,801)	767	658	(14,439)	(19,730)
Closing net book value	6,847,837	4,034,446	2,651,178	287,565	177,809	1,186,655	15,185,490
<b>As at 31 December 2015</b>							
Cost	6,065,495	4,429,354	5,745,883	858,641	476,214	1,186,655	18,762,242
Add Surplus on asset revaluation	1,241,219	603,024	-	-	-	-	1,844,243
Less Cumulative losses from asset revaluation	(147,386)	(57,382)	-	-	-	-	(204,768)
Less Accumulated depreciation	(311,491)	(940,550)	(3,088,481)	(571,076)	(298,405)	-	(5,210,003)
Less Allowance for impairment	-	-	(6,224)	-	-	-	(6,224)
Net book value	6,847,837	4,034,446	2,651,178	287,565	177,809	1,186,655	15,185,490

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

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

## FOR THE YEAR ENDED 31 DECEMBER 2015

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

	COMPANY						Baht'000
	Revaluation basis			Cost basis			
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	
At 1 January 2014							
Cost	1,457,636	1,109,316	1,986,883	178,601	212,848	785,939	5,731,223
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	(89,176)	(174,368)	(1,050,536)	(137,034)	(131,043)	-	(1,582,157)
Less Allowance for impairment	-	-	(7,541)	-	-	-	(7,541)
Net book value	1,780,827	1,289,495	928,806	41,567	81,805	785,939	4,908,439
For the year ended 31 December 2014							
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 28)	(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
As at 31 December 2014							
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 (CONT'D)

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

## FOR THE YEAR ENDED 31 DECEMBER 2015

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

	COMPANY						Baht'000
	Revaluation basis			Cost basis			
	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles	Fixtures and office equipment	Assets under construction and installation	
For the year ended 31 December 2015							
Opening net book value	2,051,897	1,451,982	1,160,645	64,156	114,597	1,002,089	5,845,366
Additions	23,366	2,865	66,356	9,329	21,334	783,365	906,615
Transfers in (out)	225,240	278,993	405,976	20,884	19,507	(950,600)	-
Disposals and write-offs, net	(49,079)	(1,610)	(1,642)	-	(72)	-	(52,403)
Asset revaluation surplus	2,459	-	-	-	-	-	2,459
Depreciation charges (Note 28)	(51,710)	(89,280)	(275,502)	(22,676)	(38,072)	-	(477,240)
Closing net book value	2,202,173	1,642,950	1,355,833	71,693	117,294	834,854	6,224,797
As at 31 December 2015							
Cost	1,975,750	1,609,983	2,795,365	237,373	304,877	834,854	7,758,202
Add Surplus on asset revaluation	442,506	398,545	-	-	-	-	841,051
Less Cumulative losses from asset revaluation	(55,142)	(43,998)	-	-	-	-	(99,140)
Less Accumulated depreciation	(160,941)	(321,580)	(1,433,308)	(165,680)	(187,583)	-	(2,269,092)
Less Allowance for impairment	-	-	(6,224)	-	-	-	(6,224)
Net book value	2,202,173	1,642,950	1,355,833	71,693	117,294	834,854	6,224,797

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

The Group's land, land improvements, buildings and structures thereon were last revalued in the fourth quarter of 2012 by independent valuers using the market approach and the depreciated replacement cost. The asset revaluation surplus net of applicable deferred income taxes was credited to 'other component of equity' (Note 25). The Group's land, land improvements, buildings and structures thereon present at level 2 fair value.

There were no transfers between level during the year

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Asset revaluation surplus	1,844,243	1,869,247	841,051	866,054
<u>Less</u> Accumulated depreciation on asset revaluation surplus	(192,175)	(170,541)	(134,511)	(119,653)
<u>Less</u> Deferred income tax	(224,268)	(228,162)	(52,213)	(55,159)
<b>Asset revaluation surplus, net of accumulated depreciation and deferred income taxes</b>	<b>1,427,800</b>	<b>1,470,544</b>	<b>654,327</b>	<b>691,242</b>

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	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Cost	19,637,642	17,760,272	8,262,286	7,408,857
<u>Less</u> Accumulated depreciation	(6,087,974)	(4,383,299)	(2,789,503)	(1,818,781)
<u>Less</u> Allowance for impairment	(6,224)	(7,541)	(6,224)	(7,541)
<b>Net book value</b>	<b>13,543,444</b>	<b>13,369,432</b>	<b>5,466,559</b>	<b>5,582,535</b>

#### Consolidated financial statements

The Group's depreciation expense of Baht 907 million (2014: Baht 757 million) was charged in costs of sales and services and of Baht 115 million (2014: Baht 110 million) in administrative expenses.

As at 31 December 2015, certain land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries with the total net book value amounting to Baht 1,342 million (2014: Baht 986 million) are mortgaged as collateral for credit facilities and short-term and long-term loans from banks as explained in Note 22.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

## Company financial statements

The Company's depreciation expense of Baht 421 million (2014: Baht 311 million) was charged in "costs of sales and services" and of Baht 56 million (2014: Baht 48 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	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Cost of assets acquired under finance leases	199,967	190,645	62,880	56,645
<u>Less</u> Accumulated depreciation	(112,400)	(84,525)	(52,736)	(46,832)
<b>Net book value</b>	<b>87,567</b>	<b>106,120</b>	<b>10,144</b>	<b>9,813</b>

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 (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 16 Rubber and palm plantations, net

Baht'000

	CONSOLIDATED				
	Rubber		Palm		
	Mature	Immature	Mature	Immature	Total
At 1 January 2014					
Cost	6,734	537,566	11,023	-	555,323
<u>Less</u> Accumulated amortisation	(2,726)	-	(4,940)	-	(7,666)
<b>Net book value</b>	<u>4,008</u>	<u>537,566</u>	<u>6,083</u>	<u>-</u>	<u>547,657</u>
For the year ended 31 December 2014					
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 28)	(214)	-	(591)	-	(805)
Depreciation capitalised to assets	(951)	23,960	-	-	23,009
<b>Closing net book value</b>	<u>4,561</u>	<u>890,975</u>	<u>5,711</u>	<u>-</u>	<u>901,247</u>
At 31 December 2014					
Cost	8,451	890,975	11,242	-	910,668
<u>Less</u> Accumulated amortisation	(3,890)	-	(5,531)	-	(9,421)
<b>Net book value</b>	<u>4,561</u>	<u>890,975</u>	<u>5,711</u>	<u>-</u>	<u>901,247</u>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 16 Rubber and palm plantations, net (Cont'd)

Baht'000

	CONSOLIDATED				
	Rubber		Palm		
	Mature	Immature	Mature	Immature	Total
For the year ended 31 December 2015					
Opening net book value	4,561	890,975	5,711	-	901,247
Additions	-	269,036	-	-	269,036
Transfers in (out)	3,778	(4,726)	-	948	-
Disposals and write-offs, net	(13)	-	(876)	-	(889)
Amortisation charges (Note 28)	(132)	-	(555)	-	(687)
Depreciation capitalised to assets	(1,579)	54,141	-	(29)	52,533
Closing net book value	6,615	1,209,426	4,280	919	1,221,240
At 31 December 2015					
Cost	11,888	1,209,426	8,721	948	1,230,983
Less Accumulated amortisation	(5,273)	-	(4,441)	(29)	(9,743)
Net book value	6,615	1,209,426	4,280	919	1,221,240

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 16 Rubber and palm plantations, net (Cont'd)

Baht'000

	COMPANY		Total
	Rubber Mature	Palm Mature	
<b>At 1 January 2014</b>			
Cost	3,584	5,703	9,287
<u>Less</u> Accumulated amortisation	(1,663)	(3,063)	(4,726)
<b>Net book value</b>	<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 28)	(161)	(319)	(480)
<b>Closing net book value</b>	<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)
<b>Net book value</b>	<u>1,760</u>	<u>2,321</u>	<u>4,081</u>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 16 Rubber and palm plantations, net (Cont'd)

	Baht'000		
	COMPANY		
	Rubber	Palm	
	Mature	Mature	Total
<b>For the year ended 31 December 2015</b>			
Opening net book value	1,760	2,321	4,081
Disposals and write-offs, net	-	(876)	(876)
Amortisation charges (Note 28)	(91)	(280)	(371)
Closing net book value	1,669	1,165	2,834
<b>At 31 December 2015</b>			
Cost	3,584	3,182	6,766
<u>Less</u> Accumulated amortisation	(1,915)	(2,017)	(3,932)
Net book value	1,669	1,165	2,834

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 17 Intangible assets, net

	COMPUTER SOFTWARE	
	Consolidated	Company
	Baht'000	Baht'000
<b>At 1 January 2014</b>		
Cost	90,786	50,945
<u>Less</u> Accumulated amortisation charges	(63,739)	(36,913)
<b>Net book value</b>	<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
Disposal and write-offs, net	(160)	-
Amortisation charges (Note 28)	(9,784)	(4,779)
Currency differences on translation, net	(15)	-
<b>Closing net book value</b>	<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)
<b>Net book value</b>	<u>31,640</u>	<u>12,311</u>
<b>For the year ended 31 December 2015</b>		
Opening net book value	31,640	12,311
Additions	330,684	329,512
Write-offs, net	(9)	-
Amortisation charges (Note 28)	(32,702)	(27,137)
Currency differences on translation, net	699	-
<b>Closing net book value</b>	<u>330,312</u>	<u>314,686</u>
<b>At 31 December 2015</b>		
Cost	432,048	381,831
<u>Less</u> Accumulated amortisation charges	(101,736)	(67,145)
<b>Net book value</b>	<u>330,312</u>	<u>314,686</u>



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 18 Investment properties

The movements in the investment properties are as follows:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amount	170,255	176,254	27,770	27,770
Losses from fair value estimation of investment properties	(29,193)	(6,663)	-	-
Currency differences on translation, net	13,449	664	-	-
<b>Ending net book amount</b>	<b>154,511</b>	<b>170,255</b>	<b>27,770</b>	<b>27,770</b>

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 and the investment property of the Group present at level 2 fair value.

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 statements 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.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 19 Deferred income tax

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Deferred income tax assets:</b>				
Deferred income tax assets to be recovered within 12 months	96,985	78,602	26,980	11,729
Deferred income tax assets to be recovered after more than 12 months	211,492	150,681	13,263	11,850
	<u>308,477</u>	<u>229,283</u>	<u>40,243</u>	<u>23,579</u>
<b>Deferred income tax liabilities:</b>				
Deferred income tax liabilities to be settled within 12 months	19,585	2,493	19,586	2,492
Deferred income tax liabilities to be settled after more than 12 months	237,272	252,745	53,838	57,737
	<u>256,857</u>	<u>255,238</u>	<u>73,424</u>	<u>60,229</u>
<b>Deferred income tax - net</b>	<u>51,620</u>	<u>(25,955)</u>	<u>(33,181)</u>	<u>(36,650)</u>

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Opening net book amounts	(25,955)	61,656	(36,650)	(16,089)
Charged/credited to profit or loss	69,621	19,421	1,237	(19,932)
Charged/credited to other comprehensive income	4,307	(104,854)	2,232	(629)
Cumulative currency differences on translation	3,647	(2,178)	-	-
<b>Ending net book amounts</b>	<u>51,620</u>	<u>(25,955)</u>	<u>(33,181)</u>	<u>(36,650)</u>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 19 Deferred income tax (Cont'd)

	CONSOLIDATED								
	1 January 2014	Recorded to profit or loss	Recorded to other comprehensive income	Cumulative currency differences on translation		Recorded to profit or loss	Recorded to other comprehensive income	Cumulative currency differences on translation	31 December 2015
				Baht'000	Baht'000				
Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Deferred income tax assets									
Tax losses carried forward	98,172	13,631	-	(1,109)	110,694	54,614	-	(559)	164,749
Unrealised gains (losses) on derivative financial instruments	35,321	(17,102)	-	(514)	17,705	(18,237)	-	3,477	2,945
Allowance for inventory cost in excess of net realisable value	16,452	8,075	-	(458)	24,069	41,206	-	(2,118)	63,157
Cumulative loss from asset revaluation	19,439	5,628	-	(47)	25,020	(97)	-	(132)	24,791
Provision for retirement benefit obligations	14,930	1,827	(2,581)	774	14,950	2,623	3,532	830	21,935
Others	24,621	13,041	-	(817)	36,845	(7,883)	-	1,938	30,900
	208,935	25,100	(2,581)	(2,171)	229,283	72,226	3,532	3,436	308,477
Deferred income tax liabilities									
Asset revaluation surplus	128,961	(2,197)	101,397	-	228,161	(4,075)	182	-	224,268
Fair value estimation of investment properties	1,108	-	-	-	1,108	-	-	-	1,108
Unrealised gains (losses) on derivative financial instruments	4,472	(1,979)	-	-	2,493	17,092	-	-	19,585
Adjustment of inventory from fair value to the lower of cost or net realisable value	10,253	10,290	-	(38)	20,505	(10,222)	-	(248)	10,035
Others	2,485	(435)	876	45	2,971	(191)	(956)	37	1,861
	147,279	5,679	102,273	7	255,238	2,604	(774)	(211)	256,857
Deferred income tax assets (liabilities), net	61,656	19,421	(104,854)	(2,178)	(25,955)	69,622	4,306	3,647	51,620

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 19 Deferred income tax (Cont'd)

	COMPANY					
	1 January 2014	Recorded to profit or loss	Recorded to other comprehensive income	31 December 2014	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>						
Unrealised gains (losses) on derivative financial instruments	31,999	(20,485)	-	11,514	2,985	-
Allowance for inventory cost in excess of net realisable value	3,293	(3,079)	-	214	12,266	-
Cumulative loss from asset revaluation	7,886	(1)	-	7,885	(97)	-
Provision for retirement benefit obligations	3,295	460	194	3,949	49	1,461
Others	17	-	-	17	-	-
	46,490	(23,105)	194	23,579	15,203	1,461
						40,243
<b>Deferred income tax liabilities</b>						
Asset revaluation surplus	56,353	(1,194)	-	55,159	(3,127)	181
Fair value estimation of investment properties	1,108	-	-	1,108	-	-
Unrealised gains (losses) on derivative financial instruments	4,472	(1,979)	-	2,493	17,093	-
Others	646	-	823	1,469	-	(952)
	62,579	(3,173)	823	60,229	13,966	(771)
	(16,089)	(19,932)	(629)	(36,650)	1,237	2,232
<b>Deferred income tax assets (liabilities), net</b>						(33,181)

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 20 Other non-current assets

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Refundable deposits	21,643	21,587	10,298	9,059
Others	14,790	12,679	3,559	3,660
<b>Total other non-current assets</b>	<b>36,433</b>	<b>34,266</b>	<b>13,857</b>	<b>12,719</b>

## 21 Trade accounts payable and other payables

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts payable - other companies	1,214,278	1,272,262	625,074	701,252
Trade accounts payable - related companies (Note 36.3)	399,597	218,285	262,336	278,576
Accrued expenses	824,969	743,523	461,226	413,540
Deferred income	116,533	246,678	37,301	72,839
Deposits and retentions received from customers	132,017	98,753	22,227	20,479
<b>Total trade accounts payable and other payables</b>	<b>2,687,394</b>	<b>2,579,501</b>	<b>1,408,164</b>	<b>1,486,686</b>



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 22 Borrowings

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Current</b>				
Borrowings for packing credit	201,301	264,184	201,301	264,184
Short-term borrowings from financial institutions	13,006,556	8,796,812	7,532,470	3,997,300
Bills payable	238,373	347,414	-	-
Total short-term borrowings from financial institutions	13,446,230	9,408,410	7,733,771	4,261,484
Current portion of long-term borrowings from financial institutions	451,404	140,264	200,000	50,000
Current portion of debentures	850,000	-	850,000	-
Current portion of finance lease liabilities	25,045	30,046	3,866	3,585
Total current borrowings	14,772,679	9,578,720	8,787,637	4,315,069
<b>Non-current</b>				
Long-term borrowings from financial institutions	3,742,215	2,913,462	3,740,157	2,910,000
Debentures	600,000	1,450,000	600,000	1,450,000
Finance lease liabilities	10,904	33,311	4,281	3,980
Total non-current borrowings	4,353,119	4,396,773	4,344,438	4,363,980
<b>Total borrowings</b>	<b>19,125,798</b>	<b>13,975,493</b>	<b>13,132,075</b>	<b>8,679,049</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 22 Borrowings (Cont'd)

##### 22.1 Short-term borrowings from financial institutions

###### (a) Consolidated financial statements

As 31 December 2015, the Group has facilities of overdrafts, borrowings for packing credit and short-term borrowings from several financial institutions totaling Baht 33,796 million, USD 381 million and IDR 10 billion (2014: Baht 35,361 million, USD 416 million and IDR 10 billion). As at 31 December 2015, the Group has no bank overdraft (2014: Nil). The borrowings for packing credit and short-term borrowings bear interest at the rates ranging from 1.19% to 12.31% per annum (2014: 1.01% to 13.65% per annum).

As at 31 December 2015, the Group's facilities of overdrafts, borrowings for packing credit and short-term borrowings were guaranteed by land, land improvements, buildings and structures thereon, and machinery and equipment of some subsidiaries as described in Note 15, fixed deposits of a subsidiary balance of Baht 7 million and certain of the Company's directors (no fee charged) (2014: Baht 7 million). According to a condition of the borrowings 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 borrowings agreements.

###### (b) Company financial statements

As at 31 December 2015, the Company had facilities of overdrafts, borrowing for packing credit and short-term borrowing from several financial institutions totaling Baht 22,724 million (2014: Baht 24,224 million). The borrowing for packing credit and short-term borrowing amounting to Baht 7,734 million (2014: 4,262 million) bear interest at the rates ranging from 1.50% to 2.34% per annum (2014: 1.50% to 2.78% per annum). According to a condition of the borrowings 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 borrowings agreements.

##### 22.2 Long-term borrowings from financial institutions

###### (a) Consolidated financial statements

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

The first agreement	At 31 December 2015, there was no balance (2014: Baht 37 million granted by a bank in 2009), was payable quarterly starting from November 2010 and was fully repaid in August 2015. This borrowing bears a monthly interest at the rate of MLR minus a fixed percentage per annum.
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## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 22 Borrowings (Cont'd)

##### 22.2 Long-term borrowings from financial institutions (Cont'd)

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

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

The second agreement      At 31 December 2015, there was no balance (2014: Baht 52 million granted by a bank in 2010), was payable quarterly starting from December 2011 and was fully repaid in December 2015. This borrowing bears a monthly interest at the rate of MLR minus a fixed percentage per annum.

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

The first agreement      At 31 December 2015, balance of Baht 3 million (2014: Baht 5 million), granted by a bank in 2013, was payable monthly starting from January 2014 and until June 2018. This borrowing bears a monthly interest at the rate of MLR minus a fixed percentage per annum.

###### - Premier System Engineering Co., Ltd.

The first agreement      At 31 December 2015, balance of Baht 250 million (2014: Nil), granted by a bank in 2015, was payable at the end of the construction period or within two years from first drawn down. This borrowing bears a monthly interest at the rate of MLR minus a fixed percentage per annum.

###### (b) Company financial statements

The first agreement      At 31 December 2015, balance of Baht 3,396 million (2014: Baht 2,960 million), granted by a bank in 2012, was payable quarterly from September 2012 to September 2022. This borrowing bears a monthly interest at the rate of MLR minus a fixed percentage per annum.

The second agreement      At 31 December 2015, balance of Baht 544 million (2014: Nil), granted by a bank in 2015 was payable in full by the end of September 2017. This borrowing bears a monthly interest at the rate of a fixed percentage per annum.

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant and are within level 2 of the fair value hierarchy.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 22 Borrowings (Cont'd)

## 22.3 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	
	2015	2014
	Baht'000	Baht'000
Opening balance	1,450,000	3,050,000
Redemption during the year	-	(1,600,000)
<b>Ending balance</b>	<b>1,450,000</b>	<b>1,450,000</b>

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

	INTEREST		31 DECEMBER 2014 (SHARES)	31 DECEMBER 2015 (SHARES)	TERM OF INTEREST PAYMENT	DUE FOR REDEMPTION
	RATE (%)	PAR VALUE (BAHT)				
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>1,450,000</u>	<u>1,450,000</u>		

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 22 Borrowings (Cont'd)

## 22.3 Debentures (Cont'd)

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

	CONSOLIDATED AND COMPANY			
	Carrying amounts		Fair values	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Debentures</b>	1,450,000	1,450,000	1,471,178	1,477,689

The fair values of the debentures are based on quoted prices (unadjusted) in active markets and are within level 1 of the fair value hierarchy.

## 22.4 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	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Short-term borrowings</b>				
- at floating rates	13,446,230	9,408,410	7,733,771	4,261,484
	13,446,230	9,408,410	7,733,771	4,261,484
<b>Long-term borrowings</b>				
- at fixed rates	543,807	-	543,807	-
- at floating rates	3,649,812	3,053,726	3,396,350	2,960,000
	4,193,619	3,053,726	3,940,157	2,960,000
<b>Debentures</b>				
- at fixed rates	1,450,000	1,450,000	1,450,000	1,450,000
<b>Total borrowings</b>				
- at fixed rates	1,993,807	1,450,000	1,993,807	1,450,000
- at floating rates	17,096,042	12,462,136	11,130,121	7,221,484
	19,089,849	13,912,136	13,123,928	8,671,484

Fair values of the long-term borrowings and debentures are based upon the borrowings 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 (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 22 Borrowings (Cont'd)

## 22.4 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	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	14,747,634	9,548,674	8,783,771	4,311,484
Later than 1 year but not later than 3 years	1,645,865	1,277,808	1,643,807	1,275,000
Later than 3 years but not later than 5 years	1,100,000	1,325,654	1,100,000	1,325,000
Later than 5 years	1,596,350	1,760,000	1,596,350	1,760,000
<b>Total borrowings from financial institutions and debentures</b>	<b>19,089,849</b>	<b>13,912,136</b>	<b>13,123,928</b>	<b>8,671,484</b>

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
USD	2,001,145	2,659,851	543,807	-
IDR	1,425,321	704,575	-	-
THB	15,663,383	10,547,710	12,580,121	8,671,484
<b>Total borrowings from financial institutions and debentures</b>	<b>19,089,849</b>	<b>13,912,136</b>	<b>13,123,928</b>	<b>8,671,484</b>



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 22 Borrowings (Cont'd)

## 22.5 Finance lease liabilities

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	25,874	32,472	3,866	3,878
Later than 1 year but not later than 5 years	11,638	34,517	4,889	4,211
	37,512	66,989	8,755	8,089
<u>Less</u> future finance charges on finance leases	(1,563)	(3,632)	(608)	(524)
Present values of finance lease	35,949	63,357	8,147	7,565
<b>Finance lease liabilities</b>				
- Current	25,045	30,046	3,866	3,585
- Non-current	10,904	33,311	4,281	3,980
	35,949	63,357	8,147	7,565

The present value of finance lease liabilities is as follows:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Not later than 1 year	25,045	30,046	3,866	3,585
Later than 1 year but not later than 5 years	10,904	33,311	4,281	3,980
	35,949	63,357	8,147	7,565

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 22 Borrowings (Cont'd)

## 22.6 Borrowing facilities

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

	CONSOLIDATED					
	2015			2014		
	Baht'000	USD'000	Million Rupiah	Baht'000	USD'000	Million Rupiah
<b>Floating rate</b>						
- Expiring within one year	24,182,589	301,083	10,000	30,157,176	314,009	10,000

	COMPANY	
	2015	2014
	Baht'000	Baht'000
<b>Floating rate</b>		
- Expiring within one year	14,990,389	20,802,676

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.

## 23 Provision for post-employment benefit obligations

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Present value of unfunded obligation	161,704	115,226	73,883	53,448

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	115,226	106,867	53,448	44,584
Current service costs	19,773	10,315	5,501	4,870
Interest costs	4,816	5,360	1,709	1,646
Employee benefits paid	(7,233)	(862)	(6,543)	(294)
Actuarial gains (losses) on defined employee benefit plans	29,122	(6,454)	19,768	2,642
<b>At 31 December</b>	<b>161,704</b>	<b>115,226</b>	<b>73,883</b>	<b>53,448</b>

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Current service costs	19,773	10,315	5,501	4,870
Interest costs	4,816	5,360	1,709	1,646
<b>Total</b>	<b>24,589</b>	<b>15,675</b>	<b>7,210</b>	<b>6,516</b>

Accumulated actuarial gains (losses) on defined employee benefit plans recognised in the other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Actuarial gains (losses) in the year	(29,122)	6,454	(19,768)	(2,642)
Cumulative actuarial gains	12,082	41,204	(15,861)	3,907

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

The principal actuarial assumptions used were as follows:

	Percentage			
	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
Discount rate	2.9	3.6	2.9	3.6
Inflation rate	3.0	3.0	3.0	3.0
Future salary increases (monthly staff)	5.0	7.0	5.0	7.0
Future salary increases (daily staff)	3.0	3.0	3.0	3.0

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	IMPACT ON DEFINED BENEFIT OBLIGATION		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1 %	Decrease by 10%	Increase by 12%
Future salary increases	1 %	Increase by 11%	Decrease by 10%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 15 years.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

Expected maturity analysis of undiscounted defined benefit obligations as at 31 December 2015:

	CONSOLIDATED				
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Defined benefit obligations	27,318	7,118	29,210	613,658	677,304

	COMPANY				
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Defined benefit obligations	15,403	3,327	11,858	237,889	268,477

#### 24 Share capital and share premium

	CONSOLIDATED AND COMPANY					
	Par value	Number of registered shares	Issued and paid-up shares	Ordinary shares	Share premium	Total
	(Baht per share)	(Shares)	(Shares)	(Baht'000)	(Baht'000)	(Baht'000)
At 1 January 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
At 1 January 2015	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990
Issue of shares	-	-	-	-	-	-
At 31 December 2015	1	1,280,000,000	1,280,000,000	1,280,000	8,550,990	9,830,990

As at 31 December 2015, the total authorised number of ordinary shares was 1,280,000,000 shares (2014: 1,280,000,000 shares) with a par value of Baht 1 per share (2014: Baht 1 per share). 1,280,000,000 shares were issued and fully paid-up (2014: 1,280,000,000 shares).

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 25 Other component of equity

Other component of equity can be analysed as follows:

	CONSOLIDATED				
	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	Cumulative currency differences on translation	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>For the year ended 31 December 2015</b>					
At 1 January 2015	(173,134)	1,470,544	18,864	(445,859)	870,415
Asset revaluation surplus, before tax	-	2,459	-	-	2,459
Asset revaluation surplus, tax	-	(182)	-	-	(182)
Disposal of assets, before tax	-	(27,462)	-	-	(27,462)
Disposal of assets, tax	-	2,030	-	-	2,030
Depreciation transfer on assets revaluation, before tax	-	(21,634)	-	-	(21,634)
Depreciation transfer on assets revaluation, tax	-	2,045	-	-	2,045
Change in fair value of available-for-sale investments, before tax (Note 14)	-	-	(12,988)	-	(12,988)
Change in fair value of available-for-sale investments, tax	-	-	956	-	956
Currency differences on translation	-	-	-	177,312	177,312
<b>At 31 December 2015</b>	<b>(173,134)</b>	<b>1,427,800</b>	<b>6,832</b>	<b>(268,547)</b>	<b>992,951</b>



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Other component of equity can be analysed as follows: (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	Cummulative currency differences on translation	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>For the year ended 31 December 2014</b>					
At 1 January 2014	(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 14)	-	-	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 differences on translation	-	-	-	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 (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Other component of equity can be analysed as follows: (Cont'd)

	COMPANY		Total
	Asset revaluation surplus, net of accumulated depreciation	Unrealised gains on available-for-sale investments	
	Baht'000	Baht'000	Baht'000
<b>For the year ended 31 December 2015</b>			
At 1 January 2015	691,242	18,418	709,660
Asset revaluation surplus, before tax	2,459	-	2,459
Asset revaluation surplus, tax	(182)	-	(182)
Disposal of assets, before tax	(27,462)	-	(27,462)
Disposal of assets, tax	2,029	-	2,029
Depreciation transfer on assets revaluation, before tax	(14,857)	-	(14,857)
Depreciation transfer on assets revaluation, tax	1,098	-	1,098
Change in fair value of available-for-sale investments, before tax (Note 14)	-	(12,890)	(12,890)
Change in fair value of available-for-sale investments, tax	-	952	952
<b>At 31 December 2015</b>	<b>654,327</b>	<b>6,480</b>	<b>660,807</b>
<b>For the year ended 31 December 2014</b>			
At 1 January 2014	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 14)	-	11,145	11,145
Change in fair value of available-for-sale investments, tax	-	(823)	(823)
<b>At 31 December 2014</b>	<b>691,242</b>	<b>18,418</b>	<b>709,660</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 26 Legal reserve

	CONSOLIDATED AND COMPANY	
	2015	2014
	Baht'000	Baht'000
At 1 January	128,000	128,000
Appropriation during the year	-	-
<b>At 31 December</b>	<b>128,000</b>	<b>128,000</b>

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

## 27 Revenues from sales and services

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Revenues from sales of goods	61,278,526	75,529,614	29,004,269	37,058,138
Service income	13,256	261	10,512	-
<b>Total revenues from sales of goods and services</b>	<b>61,291,782</b>	<b>75,529,875</b>	<b>29,014,781</b>	<b>37,058,138</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 28 Expense by nature

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

For the years ended 31 December	Notes	CONSOLIDATED		COMPANY	
		2015	2014	2015	2014
		Baht'000	Baht'000	Baht'000	Baht'000
Changes in finished goods and work-in-process		(3,550,327)	3,498,116	(1,064,471)	1,578,083
Raw materials and consumables used		40,327,516	49,410,689	21,173,884	26,060,798
(Reversal of) allowance for inventory cost in excess of net realisable value		373,838	74,498	167,855	(642)
Employee costs and key management benefits	29	1,923,935	1,894,366	748,663	728,767
Depreciation charges	15	1,021,709	866,887	477,240	359,248
Amortisation charges - plantations	16	687	805	371	480
Amortisation charges - intangible assets	17	32,702	9,784	27,137	4,779
Transportation and distribution expense		1,177,724	1,108,878	730,458	697,626
Energy expense		1,019,700	1,079,404	515,420	484,268
Cess expense		815,226	796,569	550,332	551,861

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 (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 29 Employee costs and key management benefits

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Wages and salaries	1,694,539	1,680,541	660,937	664,932
Social security costs	51,179	47,577	20,506	17,583
Provident Fund	19,887	17,820	9,066	8,383
Post-employment benefit expenses	24,589	15,675	7,210	6,516
Other employment benefits	133,741	132,753	50,944	31,353
<b>Total employee costs and key management benefits</b>	<b>1,923,935</b>	<b>1,894,366</b>	<b>748,663</b>	<b>728,767</b>

## 30 Other income

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Income from insurance claim	2,116	5,077	2,116	5,077
Storage income	32,684	45,004	5,181	5,181
Dividend income	36,755	1,639	386,750	1,057,449
Rental income	22,591	17,766	7,235	1,689
Income from sales of scraps	3,573	6,760	730	2,556
Office service income	13,678	6,178	19,665	12,165
Income from seizure of deposits	15,446	6,294	2,990	-
Others	59,478	45,226	37,570	30,823
<b>Total other income</b>	<b>186,321</b>	<b>133,944</b>	<b>462,237</b>	<b>1,114,940</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 31 Other gains, net

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Gains from rubber derivative financial instruments	1,079,982	1,134,826	787,612	875,057
Gains (losses) from disposal or write-off fixed assets	44,509	(6,188)	34,139	(5,348)
Losses from fair value estimation of investment properties	(29,193)	(6,663)	-	-
<b>Total other gains, net</b>	<b>1,095,298</b>	<b>1,121,975</b>	<b>821,751</b>	<b>869,709</b>

## 32 Finance costs, net

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Finance income</b>				
Interest income from debentures	39,334	39,300	39,333	39,300
Interest income from bank deposits	8,842	7,437	958	2,021
Interest income from customers and brokers	-	401	-	59
Interest income from related parties	-	2,564	37,686	33,453
<b>Total finance income</b>	<b>48,176</b>	<b>49,702</b>	<b>77,977</b>	<b>74,833</b>
<b>Finance costs</b>				
Interest expense on bank borrowings	(588,221)	(594,768)	(360,937)	(367,731)
Interest expense on finance leases	(221)	(363)	-	-
Net foreign exchange losses on financing activities	(268,881)	(68,255)	-	-
<b>Total finance costs</b>	<b>(857,323)</b>	<b>(663,386)</b>	<b>(360,937)</b>	<b>(367,731)</b>
<b>Total finance costs, net</b>	<b>(809,147)</b>	<b>(613,684)</b>	<b>(282,960)</b>	<b>(292,898)</b>



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 33 Income tax

The weighted average tax rate for the consolidated financial statements for the year ended 31 December 2015 was 2.8% (2014: 3.7%). 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 2015 was 0.4% (2014: 1.4%).

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Current income tax:</b>				
Current income tax on profit of the years	101,139	59,553	-	-
<b>Deferred income tax:</b>				
Origination and reversal of temporary differences	(69,621)	(19,421)	(1,237)	19,932
<b>Total income tax</b>	<b>31,518</b>	<b>40,132</b>	<b>(1,237)</b>	<b>19,932</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 33 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	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	1,143,274	1,076,370	336,509	1,461,576
Tax calculated at domestic tax rates applicable to profits in the respective countries	132,229	168,434	24,868	108,010
Share of tax on profits of associates and joint ventures	(47,948)	(39,543)	-	-
Tax effect of:				
- Income not subject to tax	17,318	(66,331)	14,669	(65,633)
- Expenses not deductible for tax purpose	(19,852)	(1,220)	1,199	1,259
- Double deductible expenses	(19,053)	(16,505)	(15,367)	(12,939)
- Change in tax rate	-	(2,151)	-	-
- Tax losses of the current year for which no deferred income tax asset was recognised	5,953	31,110	-	-
- Tax at concessionary rate of 10% see note (a)	(27,927)	(23,644)	-	-
- Utilisation of previously unrecognised tax losses	17,159	2,579	-	-
- Over/under estimation of income tax liability in the prior year	-	(13)	-	-
- Others	(26,361)	(12,584)	(26,606)	(10,765)
<b>Total income tax</b>	<b>31,518</b>	<b>40,132</b>	<b>(1,237)</b>	<b>19,932</b>

## Additional information

- (a) On 11 May 2005, the Ministry of Trade and Industry of Singapore awarded the Global Trader Programme status to the company for the period from 1 April 2005 to 31 December 2009. Under this programme, income derived from qualifying trading transactions of approved products is taxed at the concessionary rate of 10%. On 16 February 2015, this status was extended from 1 January 2015 for a period of 5 years, to 31 December 2019.
- (b) The Company and certain subsidiaries in Thailand were granted tax incentives relating to the manufacturing of certain natural rubber products. The tax incentives include the following:
- Exemption from payment of import duty on imported machinery and equipment.
  - Exemption from payment of income tax for the period of eight years starting from the commencement date of the promoted business, and 50 percent reduced from the normal tax rate for the next five years after the period of eight years are expired.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 33 Income tax (Cont'd)

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

	CONSOLIDATED					
	2015			2014		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Asset revaluation surplus	2,459	(182)	2,277	462,784	(92,557)	370,227
Change in tax rate used in deferred tax recognition	-	-	-	-	(9,063)	(9,063)
Change in fair value of available-for-sale investments	(12,988)	956	(12,032)	11,193	(835)	10,358
Actuarial gains on defined employee benefit plans	(29,122)	3,533	(25,589)	6,454	(2,400)	4,054
Cumulative currency differences on translation	170,894	3,646	174,540	9,838	(2,177)	7,661
<b>Total income tax charges to other comprehensive income</b>	<b>131,243</b>	<b>7,953</b>	<b>139,196</b>	<b>490,269</b>	<b>(107,032)</b>	<b>383,237</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 33 Income tax (Cont'd)

	COMPANY					
	2015			2014		
	Tax (charge)			Tax (charge)		
	Before tax	credit	After tax	Before tax	credit	After tax
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Asset revaluation surplus	2,458	(181)	2,277	-	-	-
Change in fair value of available-for-sale investments	(12,891)	952	(11,938)	11,146	(824)	10,322
Actuarial gains on defined employee benefit plans	(19,767)	1,461	(18,307)	(2,642)	195	(2,447)
<b>Total income tax charges to other comprehensive income</b>	<b>(30,200)</b>	<b>2,232</b>	<b>(27,968)</b>	<b>8,504</b>	<b>(629)</b>	<b>7,875</b>

## 34 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent by the weighted average number of paid-up ordinary shares in issue during the years.

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
Net profit attributable to owners of the parent (Baht'000)	1,118,035	1,037,762	337,746	1,441,643
Weighted average number of ordinary shares in issue (Shares'000)	1,280,000	1,280,000	1,280,000	1,280,000
Basic earnings per share (Baht per share)	0.87	0.81	0.26	1.13

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 35 Dividends

At the Annual General Meeting of Shareholders held on 29 April 2015, it was resolved that dividend be paid to shareholders in respect of 2014 operating results at Baht 0.40 per share, totaling of Baht 512 million. The dividend was paid in May 2015 to the shareholders.

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.

#### 36 Related party transaction

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 (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 36 Related party transaction

The following transactions were carried out with related companies:

## 36.1 Revenue from sales and services and other incomes

For the years ended 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Revenues from sales to:</b>				
Subsidiaries	-	-	3,161,655	2,828,148
An associate	28,254	30,940	-	-
A joint venture	3,116,608	3,605,049	1,062,007	1,066,311
	<u>3,144,862</u>	<u>3,635,989</u>	<u>4,223,662</u>	<u>3,894,459</u>
<b>Service income from:</b>				
Subsidiaries	-	-	28,078	57,113
Associates	19,037	19,387	1,075	896
A joint venture	289,858	261,940	23,507	14,628
	<u>308,895</u>	<u>281,327</u>	<u>52,660</u>	<u>72,637</u>
<b>Dividend income:</b>				
Subsidiaries	-	-	350,000	581,999
An associate	-	113,453	-	100,106
Joint ventures	-	411,011	-	323,710
	<u>-</u>	<u>524,464</u>	<u>350,000</u>	<u>1,005,815</u>
<b>Rental income:</b>				
Subsidiaries	-	-	923	851
A joint venture	12,042	12,102	648	708
	<u>12,042</u>	<u>12,102</u>	<u>1,571</u>	<u>1,559</u>
<b>Interest income:</b>				
Subsidiaries	-	-	37,686	30,889
An associate	-	2,564	-	2,564
	<u>-</u>	<u>2,564</u>	<u>37,686</u>	<u>33,453</u>



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 36 Related party transactions (Cont'd)

## 36.2 Purchases of goods and services

For the years ended 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Purchases of goods from:</b>				
Subsidiaries	-	-	1,444,779	1,920,614
An associate	60	74	-	-
Joint ventures	5,770,476	2,182,365	1,017,148	666,062
	<u>5,770,536</u>	<u>2,182,439</u>	<u>2,461,927</u>	<u>2,586,676</u>
<b>Service expenses from:</b>				
Subsidiaries	-	-	957,623	859,353
Associates	774	2,382	775	2,329
A Joint venture	536	87	42	-
	<u>1,310</u>	<u>2,469</u>	<u>958,440</u>	<u>861,682</u>
<b>Rental expense:</b>				
A subsidiary	-	-	1,229	1,229

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 36 Related party transactions (Cont'd)

## 36.3 Outstanding balances arising from sales/purchases of goods/services and other incomes

As at 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Trade accounts receivable: (Note 9)</b>				
Subsidiaries	-	-	1,040,056	445,418
An associate	3,521	4,019	49	-
Joint ventures	90,781	96,248	882	13,726
	<u>94,302</u>	<u>100,267</u>	<u>1,040,987</u>	<u>459,144</u>
<b>Amounts due from futures broker:</b>				
An associate	<u>87,465</u>	<u>85,664</u>	<u>87,465</u>	<u>85,664</u>
<b>Other receivables:</b>				
Subsidiaries	-	-	21,139	15,917
Associates	607	895	12	629
Joint ventures	10,356	4,995	94	8
	<u>10,963</u>	<u>5,890</u>	<u>21,245</u>	<u>16,554</u>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 36 Related party transactions (Cont'd)

## 36.3 Outstanding balances arising from sales/purchases of goods/services and other incomes (Cont'd)

As at 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Trade accounts payable: (Note 21)</b>				
Subsidiaries	-	-	168,012	162,847
An associate	4	10	-	-
Joint ventures	399,593	218,275	94,324	115,729
	<u>399,597</u>	<u>218,285</u>	<u>262,336</u>	<u>278,576</u>
<b>Other payables:</b>				
Subsidiaries	-	-	47,289	23,559
An associate	69	470	-	-
A Joint venture	4,328	20,830	8	28
	<u>4,397</u>	<u>21,300</u>	<u>47,297</u>	<u>23,587</u>

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 2015, there is no allowance for impairment against receivables from related parties (2014: Nil).

Trade accounts payable to related parties arise mainly from purchase transactions and are due approximately one month after the date of purchase. The payables bear no interest.

## 36.4 Outstanding balances arising from long-term borrowings to subsidiaries

As at 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Accrued interest income:</b>				
Subsidiaries	-	-	13,180	12,078
<b>Long-term borrowings to:</b>				
Subsidiaries	-	-	1,625,605	992,656

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 36 Related party transactions (Cont'd)

## 36.4 Outstanding balances arising from long-term borrowings to subsidiaries

Long-term borrowings to subsidiaries can be summarised as follows:

		COMPANY			
		Principle		Interest rates %	Borrowings periods
		USD million	(Equivalent) Baht million		
Relationship					
PT Sri Trang Lingga Indonesia	A subsidiary	5	181	3.33	5 years
PT Sri Trang Lingga Indonesia	A subsidiary	10	362	2.66	3 years
PT Sri Trang Lingga Indonesia	A subsidiary	15	539	2.65	2 years
PT Star Rubber	An indirect subsidiary	15	543	3.33	5 years

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	-	65,356	992,656	1,053,928
Increase (Decrease)	-	(65,356)	540,000	(65,356)
Unrealised gains on exchange rate	-	-	92,949	4,084
Total	-	-	1,625,605	992,656

## 36.5 Key management compensation

Key management includes directors (executive and non-executive), executives and head of internal audit department. The compensation paid or payable to key management is as below:

For the years ended 31 December	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
Salaries and other short-term employee benefits	248,897	263,671	51,789	55,878
Post-employment benefits	3,321	3,014	1,318	1,334
Total	252,218	266,685	53,107	57,212

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 37 Financial instruments by category

	CONSOLIDATED			
	31 December 2015			
	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	2,197,241	-	-	2,197,241
Derivative financial instruments	-	336,737	-	336,737
Trade accounts receivable, net	3,370,755	-	-	3,370,755
Amounts due from futures brokers	702,086	-	-	702,086
Fixed deposits pledged as collateral	33,464	-	-	33,464
Long-term investments	-	-	50,626	50,626
<b>Total</b>	<b>6,303,546</b>	<b>336,737</b>	<b>50,626</b>	<b>6,690,909</b>

	CONSOLIDATED		
	31 December 2015		
	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	Baht'000	Baht'000	Baht'000
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	1,613,875	1,613,875
Short-term borrowings from financial institutions	-	13,446,230	13,446,230
Current portion of long-term borrowings	-	451,404	451,404
Current portion of debenture	-	850,000	850,000
Current portion of finance lease liabilities	-	25,045	25,045
Derivative financial instruments	271,563	-	271,563
Long-term borrowings from financial institutions	-	3,742,215	3,742,215
Debentures	-	600,000	600,000
Finance lease liabilities	-	10,904	10,904
<b>Total</b>	<b>271,563</b>	<b>20,739,673</b>	<b>21,011,236</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	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
<b>Total</b>	<b>6,939,638</b>	<b>89,767</b>	<b>63,672</b>	<b>7,093,077</b>

	CONSOLIDATED		
	31 December 2014		
	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	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 borrowings from financial institutions	-	9,408,410	9,408,410
Current portion of long-term borrowings	-	140,264	140,264
Current portion of finance lease liabilities	-	30,046	30,046
Derivative financial instruments	212,827	-	212,827
Long-term borrowings from financial institutions	-	2,913,462	2,913,462
Debentures	-	1,450,000	1,450,000
Finance lease liabilities	-	33,311	33,311
<b>Total</b>	<b>212,827</b>	<b>15,466,040</b>	<b>15,678,867</b>



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	COMPANY			
	31 December 2015			
	Assets at			Total
	Loans and receivables	fair value 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	302,242	-	-	302,242
Derivative financial instruments	-	265,028	-	265,028
Trade accounts receivable, net	2,212,673	-	-	2,212,673
Amounts due from futures brokers	87,465	-	-	87,465
Current portion of long-term loan to subsidiaries	362,252	-	-	362,252
Long-term loans to subsidiaries	1,263,353	-	-	1,263,353
Fixed deposits pledged as collateral	13,824	-	-	13,824
Long-term investments	-	-	49,718	49,718
<b>Total</b>	<b>4,241,809</b>	<b>265,028</b>	<b>49,718</b>	<b>4,556,555</b>

	COMPANY		
	31 December 2015		
	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	Baht'000	Baht'000	Baht'000
<b>Liabilities as per statement of financial position</b>			
Trade accounts payable	-	887,410	887,410
Short-term borrowings from financial institutions	-	7,733,771	7,733,771
Current portion of long-term borrowings from financial institutions	-	200,000	200,000
Current portion of debenture	-	850,000	850,000
Current portion of finance lease liabilities	-	3,866	3,866
Derivative financial instruments	196,212	-	196,212
Long-term borrowings from financial institutions	-	3,740,157	3,740,157
Debentures	-	600,000	600,000
Finance lease liabilities	-	4,281	4,281
<b>Total</b>	<b>196,212</b>	<b>14,019,485</b>	<b>14,215,697</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 37 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	992,656	-	-	992,656
Fixed deposits pledged as collateral	13,623	-	-	13,623
Long-term investments	-	-	62,666	62,666
<b>Total</b>	<b>3,565,343</b>	<b>33,731</b>	<b>62,666</b>	<b>3,661,740</b>

	COMPANY		
	31 December 2014		
	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	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
<b>Total</b>	<b>155,820</b>	<b>9,658,877</b>	<b>9,814,697</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 38 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if any) or to historical information about counterparty default rates:

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Deposits held at call with banks</b>				
Aa1	116,465	44,588	-	-
Aa2	244,157	32,355	458	-
Aa3	22,551	166,998	-	-
A1	125,841	252,415	201	68,189
A3	-	318,412	-	100,158
Baa1	526,471	540,275	241,871	151,227
Baa2	63,738	24,006	41,574	16,693
Baa3	994,408	701,762	9,723	10,512
No rating	75,350	30,497	-	-
<b>Total deposits held at call with banks</b>	<b>2,168,981</b>	<b>2,111,308</b>	<b>293,827</b>	<b>346,779</b>

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Trade accounts receivable</b>				
Counterparties without external credit rating				
Group 1	120,800	1,945,488	54,177	1,667,626
Group 2	3,071,276	2,147,155	1,118,440	454,268
Group 3	178,679	288,340	-	-
<b>Total unimpaired trade accounts receivable</b>	<b>3,370,755</b>	<b>4,380,983</b>	<b>1,172,617</b>	<b>2,121,894</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Derivative financial instruments</b>				
Counterparties with external credit rating				
Aa2	-	3,917	-	-
A3	-	3,305	-	-
Baa1	615	-	615	-
Counterparties without external credit rating				
Group 2	336,122	82,545	264,413	33,731
<b>Total derivative financial instruments</b>	<b>336,737</b>	<b>89,767</b>	<b>265,028</b>	<b>33,731</b>

	CONSOLIDATED		COMPANY	
	2015	2014	2015	2014
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Fixed deposits pledged as collateral</b>				
Aa2	-	2,406	-	-
Baa1	22,637	32,180	13,824	13,623
Baa2	10,827	-	-	-
<b>Total fixed deposits pledged as collateral</b>	<b>33,464</b>	<b>34,586</b>	<b>13,824</b>	<b>13,623</b>

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 (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 39 Promotional privileges

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

- (a) Exemption from payment of import duty on imported machinery and equipment as approved by BOI committee
- (b) Exemption from payment of income tax for the period of eight years starting from the commencement date of the promoted business, and 50 percent reduced from the normal income tax rate for the next five years after the period of eight years is expired

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

Sales classified as promoted and non-promoted business for the years ended 31 December 2015 and 2014 of the Group are summarised as follows:

	2015			2014		
	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	17,051,800	43,808,564	60,860,364	30,576,770	41,399,599	71,976,369
Domestic sales and service income, net	3,976,167	10,230,657	14,206,824	6,819,914	10,634,257	17,454,171
Total	21,027,967	54,039,221	75,067,188	37,396,684	52,033,856	89,430,540
Intersegmental balances			(13,775,406)			(13,900,665)
<b>Total</b>			<b>61,291,782</b>			<b>75,529,875</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 40 Contingent liabilities and commitments

## 40.1 Sales and purchases commitments

The Group and the Company are committed to certain sales and purchases. Some of the contractual prices are fixed and 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
	2015	2015
	Baht'000	Baht'000
<b>Purchases from:</b>		
A joint venture	1,026,721	-
Third parties	2,864,244	-
	3,890,965	-
<b>Sales to:</b>		
A joint venture	245,715	-
Third parties	11,107,147	4,475,644
	11,352,862	4,475,644

## 40.2 Capital commitments

The Group and the Company has capital commitments as follows:

	CONSOLIDATED	COMPANY
	2015	2015
	Baht'000	Baht'000
<b>Capital commitments - purchase of fixed assets</b>	703,620	142,338



## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### 40.3 Commitments to guarantee borrowings

40.3.1 The Group and the Company have commitments to guarantee the borrowings as follows:

			31 DECEMBER 2015	
			(Equivalent)	
	Relationships	Currencies	Amount	Baht Million
Sri Trang USA, Inc.	An overseas subsidiary	USD Million	27	976
PT Sri Trang Lingga Indonesia	An overseas subsidiary	Rupiah Billion	398	1,045
PT Star Rubber	An overseas subsidiary	USD Million	8	290
		Rupiah Billion	145	381

40.3.2 The Group has contingent liabilities for bank guarantees issued in favor of government agency totaling Baht 77 million and has pledged its fixed deposits of Baht 15 million as collateral for these bank guarantees.

##### 40.4 Operating lease commitments - where the Group and the Company is the lessee

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

	CONSOLIDATED	COMPANY
	2015	2015
	Baht'000	Baht'000
Not later than 1 year	133,948	70,476
Later than 1 year but not later than 5 years	181,666	101,338
Later than 5 years	815	-
<b>Total</b>	<b>316,429</b>	<b>171,814</b>

## NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONT'D)

### SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2015

#### 41 Commercial dispute relating to the Joint Venture Agreement

On 5 September 2014, Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") filed two requests for arbitration proceedings 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 1,393 million) and requested the arbitral tribunals to issue orders demanding that the Company and Rubberland (and other shareholders of SSC) undertake or refrain from undertaking certain acts with respect to SSC. Afterwards, Semperit submitted full statements of claims on 8 May 2015 and 8 July 2015.

The Company and Rubberland, among others, entered into the Joint Venture Agreement and other related agreements and have complied with the agreements since their execution. The dispute arose because, among others, 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 proceedings submitted by Semperit because the Company and Rubberland did not breach any provisions of the Joint Venture Agreement and other related agreements with Semperit. 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.

In addition to the requests for arbitration proceedings against the Company and Rubberland as the parties to the Joint Venture Agreement, Semperit filed another request for arbitration against SSC. Semperit alleged that SSC had breached the Joint Venture Agreement and other commercial agreements entered into between SSC and Semperit. Semperit claimed initial damages of approximately EUR 3 million (equivalent to approximately Baht 119 million). Semperit submitted a full statement of claims on 8 June 2015.

According to the legal advisor of the Company, the management of the Company believes that there are reasonable grounds on which SSC can resist Semperit's claims for damages in the Arbitration. Therefore, the management of the Company believes that the result of the dispute should not have any material impact upon the operation or the financial position of the Company and SSC.

Both the Company and SSC already filed the statements of defense. The disputes are under consideration 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 disputes in the arbitral proceedings.

## AUDITOR'S REMUNERATION



### AUDIT FEE

Audit fee for the year 2015 of STA and its subsidiaries was Baht 8,169,000 which consisted of audit fee of stand-alone financial statements in amount of Baht 6,310,000 and audit fee of STA's subsidiaries in amount of Baht 1,859,000.

### NON-AUDIT FEE

Non-audit fee for the year 2015 of STA and its subsidiaries of Baht 3,989,152 was for BOI audit and consulting services on tax and accounting principles of which has already been paid in full.

## REFERENCE PERSONS

### SHARE REGISTRAR

Thailand Securities Depository Co., Ltd.

Address 93 The Stock Exchange of Thailand  
Building, Ratchadaphisek Road,  
Dindaeng, Dindaeng, Bangkok 10400,  
Thailand

Telephone 66-2009-9000

Fax 66-2009-9991

TSD Call Center 66-2009-9999

### SINGAPORE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.

Address 50 Raffles Place #32-01 Singapore Land  
Tower, Singapore 048623

Telephone 65-6536 5355

Fax 65-6536 1360

### AUDITOR

Mr. Paiboon Tunkoon, Certified Public Accountant  
(Thailand) No. 4298; or

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

Mr. Pisit Thangtanagul, Certified Public Accountant  
(Thailand) No. 4095

PricewaterhouseCoopers ABAS Limited

Address 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

### DEBENTURE REGISTRAR FOR STA

#### NO. 1/2554 AND STA NO. 1/2556

Siam Commercial Public Company Limited

Address 9 Ratchadapisek Road, Chatuchak,  
Bangkok, 10900 Thailand

Telephone 66-2256-2323

Fax 66-2256-2414

### DEBENTURE HOLDER'S REPRESENTATIVE FOR STA NO. 1/2554

Kasikornbank Public Company Limited

Address 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 ศรีตรังแอโกรอินดัสทรี 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	:	<a href="http://www.sritranggroup.com">http://www.sritranggroup.com</a>
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

#### Nam Hua Rubber

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

#### Anvar Parawood

Head Office	:	101 Moo 3, Padangbazar Road, Samnuk Kham Subdistrict, Sadao District, Songkhla Province, 90120 Thailand
Branch office	:	1. 369 Moo 7, Huay Nang Subdistrict, Huay Yod District, Trang Province, 92130 Thailand 2. 395 Moo 2, Nonsomboon Subdistrict, Mueang Bungkarn District, Bungkarn Province, 38000 Thailand 3. 28 Moo 11, Nongpra Subdistrict, Wangthong District, Phitsanulok Province, 65130 Thailand
Type of Business	:	Lumber production and manufacture of wooden furniture
Fax	:	66-7437-9976
Type of shares	:	Ordinary shares
Total number of shares directly held by STA	:	9,994 shares or 99.94%

**Premier System Engineering**

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

**Rubberland Products**

Head Office	:	109 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	:	<ol style="list-style-type: none"> <li>10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand</li> <li>17<sup>th</sup> Floor, Park Ventures Ecoplex Unit 1701, 1707-1712 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand</li> <li>338 Moo 2, Nonsomboon Subdistrict, Mueang Bungkan District, Bungkan Province, 38000 Thailand</li> <li>338 Moo 1, Kokma Subdistrict, Prakonchai District, Burirum Province, 31140 Thailand</li> <li>188 Moo 10, Bangsaiyai Subdistrict, Mueang Mukdahan Subdistrict, Mukdahan Province, 49000 Thailand</li> </ol>
Type of Business	:	Production of Concentrated Latex/ Block rubber
Telephone	:	66-7429-1223-4, 66-7429-1755, 66-7429-1476
Fax	:	66-7429-1477
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	15,999,994 shares or 99.99%

**SSC**

Head Office	:	110 Kanjanavanit Road, Pahtong Subdistrict Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	:	<ol style="list-style-type: none"> <li>10 Soi 10, Phetkasem Road, Hatyai Subdistrict Hatyai District, Songkhla Province, 90110 Thailand</li> <li>17<sup>th</sup> Floor, Park Ventures Ecoplex Unit 1701, 1707-1712 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand</li> <li>109/2 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand</li> <li>352 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand</li> <li>189 Moo 7, Plaiwas Subdistrict, Karnchanadit District, Surat Thani Province, 84160 Thailand</li> <li>39/1 Moo 9, Tungkai Subdistrict, Yantakao District, Trang Province, 92140 Thailand</li> </ol>



**SSC (Continue)**

Type of Business	:	Production of examination gloves
Telephone	:	66-7447-1471, 66-7429-1648-9, 66-7429-1471-5
Fax	:	66-7429-1650
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	6,300 shares or 31.50%

**Semperflex Asia**

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

**Sadao P.S. Rubber**

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

**Starlight Express Transport**

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

**Startex Rubber**

Head Office	:	121 Moo 4 Nhongpakrang Subdistrict, Mueng Chiang Mai District, Chiang Mai Province, 50000 Thailand
Type of Business	:	Ownership and management of rubber and oil palm plantations
Telephone	:	66-5310-6198, 66-5310-6199

**Startex Rubber (Continue)**

Fax	:	66-5310-6196, 66-5310-6197
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	419,995 shares or 83.99%

**Thai Tech Rubber**

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

**Pattana Agro Futures**

Head Office	:	Wallstreet Tower, 21 Floor, 33/19 Surawongse Road, Surawongse Subdistrict, Bangrak District, Bangkok, 10500 Thailand
Type of Business	:	Brokerage activities
Telephone	:	66-2632-8826
Fax	:	66-2632-8825
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	4,000,000 shares or 40.00%

**Sri Trang Rubber & Plantation**

Head Office	:	121 Moo 4 Nhongpakrang Subdistrict, Mueng Chiang Mai District, Chiang Mai Province, 50000 Thailand
Type of Business	:	Ownership and management of rubber plantation
Telephone	:	66-5310-6198, 66-5310-6199
Fax	:	66-5310-6196, 66-5310-6197
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	53,710,000 shares or 99.99%

**Sri Trang International**

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

**Sri Trang USA, Inc.**

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

**Sempermed USA, Inc.**

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

**Shanghai Sempermed**

Head Office	:	Room 1104, Building 11, No. 518, Xinhuan Highway, Songjiang District, Shanghai, 201612 Peoples Republic of China
Type of Business	:	Wholesale, commission agency, and import & export of plastic and rubber gloves
Telephone	:	86-21-5760-9279, 86-21-5760-9289
Fax	:	86-21-5760-9389
Type of capital	:	Registered capital
Total number of shares held by SSC	:	6,000,000 shares or 100.00%

**Shanghai Semperit Rubber & Plastic Products**

Head Office	:	No. 1155 Canggong Road, Chemical Industry Park, Shanghai, Peoples Republic of China, 201417
Type of Business	:	Manufacture of escalator handrails
Telephone	:	86-21-3711-1788
Fax	:	86-21-3711-1780
Type of Interest	:	Equity
Total interest directly held by STA	:	10.00%

**PT Sri Trang Lingga Indonesia**

Head Office	:	Jalan TPA2, RT.26 & 29 Keramasan, Palembang, South Sumatera, Palembang 30259, PO Box 1230, Indonesia
Type of Business	:	Production of block rubber
Telephone	:	62-711-445-666

**PT Sri Trang Lingga Indonesia (Continue)**

Fax	:	62-711-445-222
Type of Shares	:	Ordinary shares
otal number of shares directly held by STA	:	18,000 shares or 90.00%

**Semperflex Shanghai**

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

**Sempermed Singapore**

Head Office	:	4 Battery Road, #25-01 Bank of China Building 049908 Singapore
Type of Business	:	Investment holding in Sempermed Brasil
Telephone	:	65-6408-8000
Fax	:	65-6408-8001
Type of Shares	:	Ordinary shares
Total number of shares directly held by STA	:	4,000,000 shares or 50.00%

**Sempermed Brasil**

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

**Shi Dong Investments**

Head Office	:	1 Raffles Place No.38-02, One Raffles Place, Singapore 048616
Type of Business	:	Investment holding in PT Star Rubber
Telephone	:	65-6532-5210, 65-6532-5321
Fax	:	65-6532-7501

**Shi Dong Investments (Continue)**

Type of Shares	:	Ordinary shares
Total number of shares directly held by Sri Trang International	:	100.00%

**PT Star Rubber**

Head Office	:	Jalan Trans Kalimantan KM. 16, Desa Jawa Tengah Kec. Sungai Ambawang, Kab Kubu Raya-Kalbar, Pontianak 78393, Kalimantan Barat, PO Box 7864, Indonesia
Type of Business	:	Production of block rubber
Telephone	:	62-561-724-888, 62-561-724-591-2
Fax	:	62-561-724593
Type of Shares	:	Ordinary shares
Total number of shares directly held by Shi Dong Investment Pte. Ltd.	:	99.00%

**Shi Dong Shanghai Rubber**

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

**Sri Trang Indochina (Vietnam)**

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

**Formtech Engineering (M) Sdn. Bhd.**

Head Office	:	Lot 135, Jalan Permata 1/4, Arab-Malaysian Industrial Park 71800 Nilai, Negeri Sembilan, Malaysia
Type of Business	:	Production and distribution mold for glove production line
Telephone	:	060-6799-5952

**Formtech Engineering (M) Sdn. Bhd. (Continue)**

Fax	:	060-6799-5951
Type of Interest	:	Equity
Total number of shares directly held by Sempermed Singapore	:	82.86%

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**Sri Trang Ayeyar**

Head Office	:	Mudon Crumb Rubber Factory, 828/1221 Kankalay Plot, Kyone Phite Village, Mudon Township (12081) Mawlamyine, Mon State, Myanmar
Type of Business	:	Production of block rubber
Telephone	:	959-9769-94561
Fax	:	N/A
Type of Interest	:	Equity
Total number of shares directly held by Sri Trang International	:	59%

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## 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

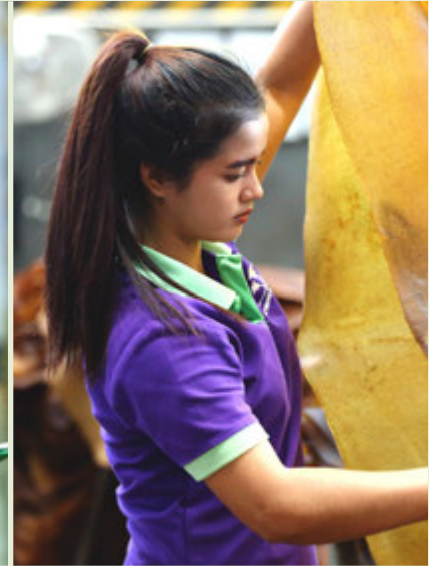
Anvar Parawood	:	Anvar Parawood Company Limited
Company or STA	:	Sri Trang Agro-Industry Public Company Limited
Nam Hua Rubber	:	Nam Hua Rubber Company Limited
Paktai Rubber	:	Paktai Rubber Industries Limited Partnership
Pattana Agro Futures	:	Pattana Agro Futures Company Limited
Premier System Engineering	:	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 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 Ayeyar	:	Sri Trang Ayeyar Rubber Industry Company Limited
Sri Trang USA	:	Sri Trang USA, Inc.
SSC	:	Our associate, Siam Sempermed Corporation Limited
Starlight Express Transport	:	Starlight Express Transport Company Limited
Startex Rubber	:	Startex Rubber Corporation Limited
STH	:	Sri Trang Holdings Company Limited
Thai Tech Rubber	:	Thaitech Rubber Corporation Limited

**GENERAL**

CDP	:	The Central Depository (Pte) Limited
Concentrated Latex	:	Liquid latex with a dry rubber content of approximately 60.0%
Natural Rubber Products	:	RSS, TSR and Concentrated Latex
Office of the SEC	:	The office of the SEC
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
SGX-ST	:	Singapore Exchange Securities Trading Limited
SICOM	:	Singapore Commodity Exchange Limited
STR	:	Standard Thai rubber
Thai GAAP	:	Generally accepted accounting principles in Thailand
TSD	:	The Thailand Securities Depository Co., Ltd.
TSR	:	Technically specified rubber, which includes STR and SIR

**CURRENCIES AND MEASUREMENTS**

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



Not only considered as one of the most significant factor towards the growth of Sri Trang Group, but also a great propellant behind all the success is the

## **“STRONG MANAGEMENT TEAM”**

which has always contributed to and collaborated on the successful work during the past years.



