

ANNUAL REPORT

20
18

Sri Trang Agro-Industry Public Company Limited



SRI TRANG GROUP
Green
Rubber





Contents

04	Vision, Mission and Core Value
06	Green Rubber Company
08	Message from Chairman
10	Financial Highlights
12	Business Highlights
14	The World's Leading Fully Integrated Natural Rubber Company
15	Organization Chart
16	Business Overview
18	Company Milestones
20	Products and Services
23	Group Structure
24	Revenue Structure
26	STA Business Strategy & Future Growth Plan
28	Industry Overview & Competition
34	Key Strengths
36	Board of Directors and Executive Management Profile
54	Management Structure
68	Good Corporate Governance
78	Internal Control & Risk Management
82	Corporate Social Responsibility
88	Shareholding Structure
94	Dividend Policy
95	Related Party Transactions and Interested Person Transactions
98	Risk Factors
105	Management's Discussion and Analysis
117	Audit Committee Report
118	Report of the Board of Director's Responsibility for the Financial Reports
119	Auditor's Report
122	Consolidated and Company Financial Statements
205	Auditor's Remuneration
206	Reference Persons
208	General Company Information
214	Defined Terms & Abbreviation

Mission 2018

SMART SRI TRANG

Passionately, we drive possibilities

the green rubber company

Over the last few years, new trends have emerged that have had an enormous influence on how we work, interact, communicate and collaborate between ourselves internally. The business intelligence influences our organizations' strategies, operations and investments in a wide variety of ways.

We, Sri Trang Group, are realizing that our ability to change is a key source of competitive advantage and one of the most critical competencies that we can grow. Building capability of change and improve organizational agility requires positive-ness to drive the possibilities structure and intent. Our main objective is to maximize the usage of resources efficiently and effectively.

In 2018, we are ready to embark on the journey by embedding the ability to change and building individual competencies by using a variety of tools of business intelligence. In order to make it happen, every staff has to think smart, act smart and work smart accordingly.



SPECIALIST

We are the best in what we do.



TEAMWORK

We work with tireless determination together as a team.



ACCOUNTABILITY

We value honesty and have a strong sense of responsibility.

Green Rubber Company

Taking A Step Forward as the Green Rubber Company



Green Products

We produce high-quality products that are free of chemical substances that detrimentally affect the health and safety of end-users.



Green Process

The production process for every one of our products is based on the concept of sustainability and energy efficiency. Our production facilities do not generate hazardous substances that cause adverse impact on the environment and the neighboring communities.

For over 30 years, Sri Trang Group has been operating in a socially and environmentally responsible manner and the symbol “**Green**” signifies our commitment to sustainability and transparency.



Green Procurement

We source raw materials from ethical suppliers with sustainable practices and strive to guide rubber farmers toward the sustainable management of rubber plantations.



Green Company

In every aspect of our operations, we are guided by the belief that transparency is key to building trust and achieving long-term success. We also seek to make a positive difference to the local communities and foster long-lasting relationships through various forms of community engagement.



Message from Chairman

In 2018, the natural rubber industry still had to contend with an oversupply that lingered from the previous year and caused natural rubber prices to move down in every quarter. Amid this challenging industry climate, we decided to implement our selective selling strategy and chose to preserve our profit margin rather than focusing on growth in sales volume. Our performance in 2018 serves to validate our strategy as we managed to consistently record a profit in every quarter, with a total profit for the full year at Baht 2.064 billion, in the face of persistently low natural rubber prices. We even managed to increase our sales volume despite the imposition of an export quota during the first quarter of the year. Our growth and strong performance in this year was the result of our fully integrated operations throughout the supply chain.



Dr. Viyavood Sincharoenkul
Chairman/ Managing Director

2018 was also the year that our glove operations, Sri Trang Gloves (Thailand) Co., Ltd. (“STGT”), which we took full control of in March 2017, hit their stride and proved instrumental in driving our growth and profit. The performance of STGT in 2018 clearly demonstrates the synergy between our natural rubber processing operations in the midstream and our glove production operations in the downstream and testifies to our strength as a “fully integrated natural rubber company,” as we derive much of our competitive edge from having a ready access to quality latex in the desired amount and at a fair cost from our own processing facilities. Thanks to our strong sales and marketing team, we managed to reach 17 billion pieces in sales volume and expand our markets to 120 countries around the world, gaining a foothold in previously untapped markets like India, Africa Continental, and Latin America, which witnessed an exponential growth in glove consumption.

Going forward, we will continue to strengthen our operations throughout the supply chain. The global demand for gloves is expected to keep growing in the next couple of years and we have put in place an expansion plan that will keep us on track to reach 30 billion pieces in production capacity by the end of 2020. The amalgamation of STGT and Thaikong Public Company Limited (“TK”), a glove producer with a state-of-the-art production facility located in the province of Trang, is expected to be completed in April 2019. To be able to stay competitive in today’s fast-paced industry climate amid fierce competition, we plan to improve efficiency at all of our production facilities by moving toward automation and deploying sensors and artificial intelligence in the production process.

Lastly, I would like to extend my thanks to our shareholders, business partners, public and private sectors, as well as our customers who have given us support throughout the year. I would also like to thank our employees and management for their constant dedication to STA. I assure everyone that STA is committed to operating with business ethics under the principles of good corporate governance with an eye to reinforcing our position as the world’s leading fully integrated natural rubber company.

“

**Going forward, we will continue to strengthen
our operations throughout the supply chain.
The global demand for gloves is expected to
keep growing in the next couple of years**

”

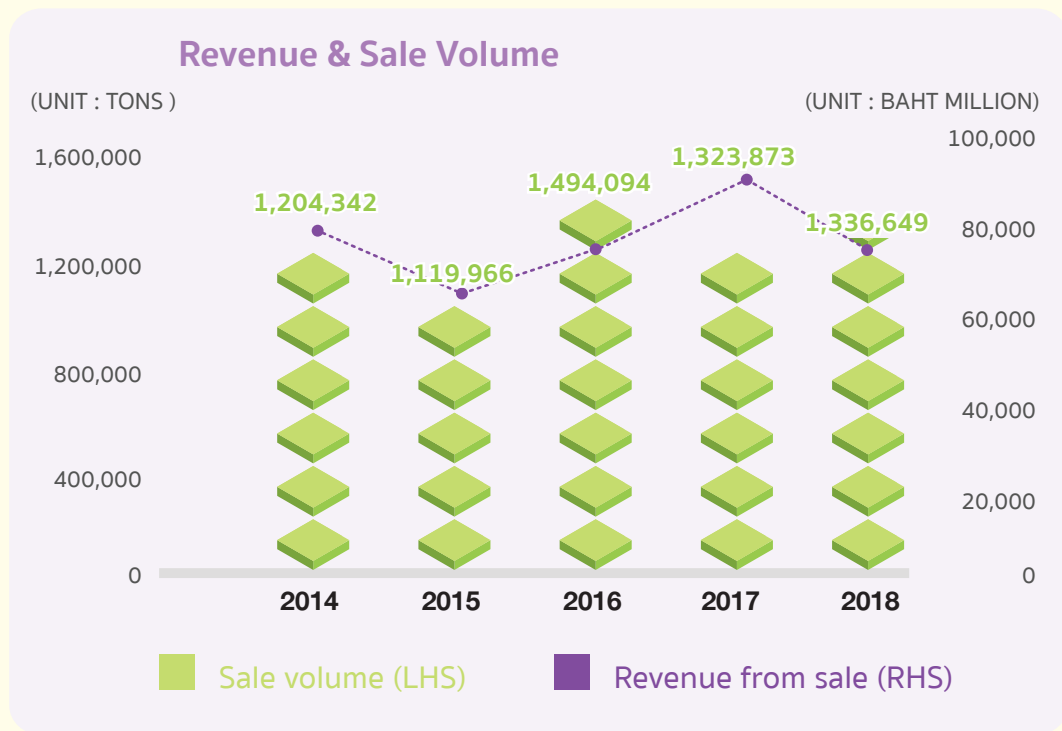
Financial Highlights



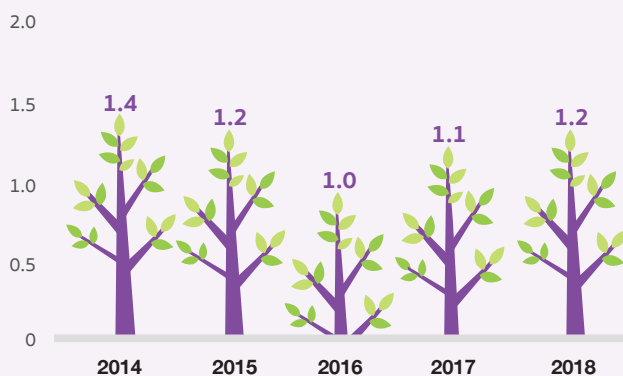
(UNIT : Baht million)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
STATEMENT OF COMPREHENSIVE INCOME					
Revenue from sale of goods and services	73,493	89,387	77,266	61,292	75,530
EBITDA	5,657	1,611	794	3,008	2,568
Profit (loss) before tax	2,387	(1,398)	(1,073)	1,143	1,076
Profit (loss) attribute to owners of the Company	2,064	(1,437)	(758)	1,118	1,038
STATEMENT OF FINANCIAL POSITION					
Total assets	55,748	59,708	55,959	43,879	37,791
Total liabilities	30,648	36,431	36,047	22,545	17,199
Total equities	25,100	23,277	19,912	21,334	20,592
FINANCIAL RATIOS					
Gross profit margin (%)	9.7	4.2	7.0	5.7	4.4
Net profit margin (%)	2.8	(1.6)	(1.0)	1.8	1.4
Current ratio (times)	1.2	1.1	1.0	1.2	1.4
Net debt to equity ratio (times)	1.1	1.5	1.7	1.0	0.7

Note : The Financial ratio is calculated in accordance with the guide line of Form 56-1 preparation.

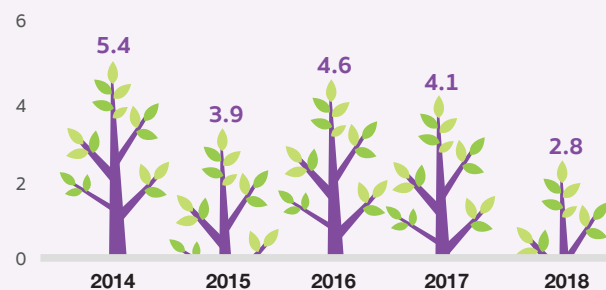
Financial Highlights (Cont'd)



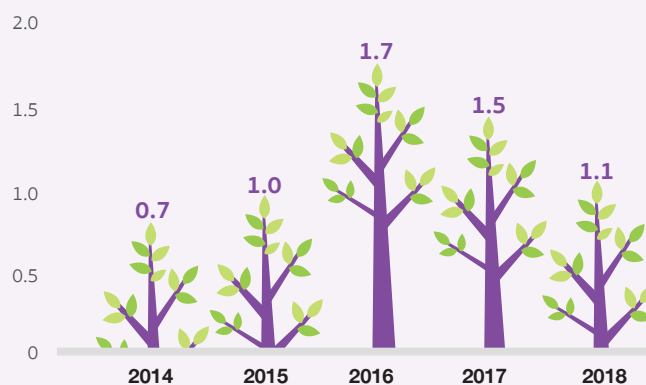
Current Ratio (Times)



Fixed Asset Turnover (Times)



Net Debt to Equity (Times)



Business
Highlights





Market share of China
natural rubber import
contributed by STA

14%

Market share of global natural
rubber consumption in 2018

10%

of Thailand natural rubber
production volume in 2018

26%

Processing facilities of natural
rubbers in Thailand, Indonesia,
and Myanmar

36

Natural Rubber

1.34
million tons

sale volume
of natural rubber products
sold in 2018

Market share of global
gloves consumption in 2018

6%

Factories in Thailand,
the world largest source
of concentrated latex

4

of gloves sold
in 2018

16,937
million pieces

Exporting to

120
countries
worldwide

Gloves

17,200
million pieces

production capacity per annum

The World's Leading Fully Integrated Natural Rubber Company



- Approximately 7,500 hectares of rubber plantations
- 2.86 million tons per annum in natural rubber processing capacity
- 17.2 billion pieces per annum in glove production capacity

Sri Trang Agro-Industry Public Company Limited (“STA”) is the world’s leading fully integrated natural rubber company with a market share of 10% of global natural rubber consumption and 6% of global glove consumption. STA produces a full range of natural rubber products, from Technically Specified Rubber (TSR) and Ribbed Smoked Sheets (RSS) to Concentrated Latex, and is also Thailand’s largest glove producer.



Upstream

Our approximately 7,500 hectares of rubber plantations in 19 provinces of Thailand



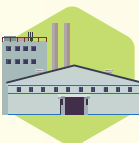
Midstream

Our 36 natural rubber processing facilities in Thailand, Indonesia and Myanmar provide a total of 2.86 million tons per annum in production capacity.



Downstream

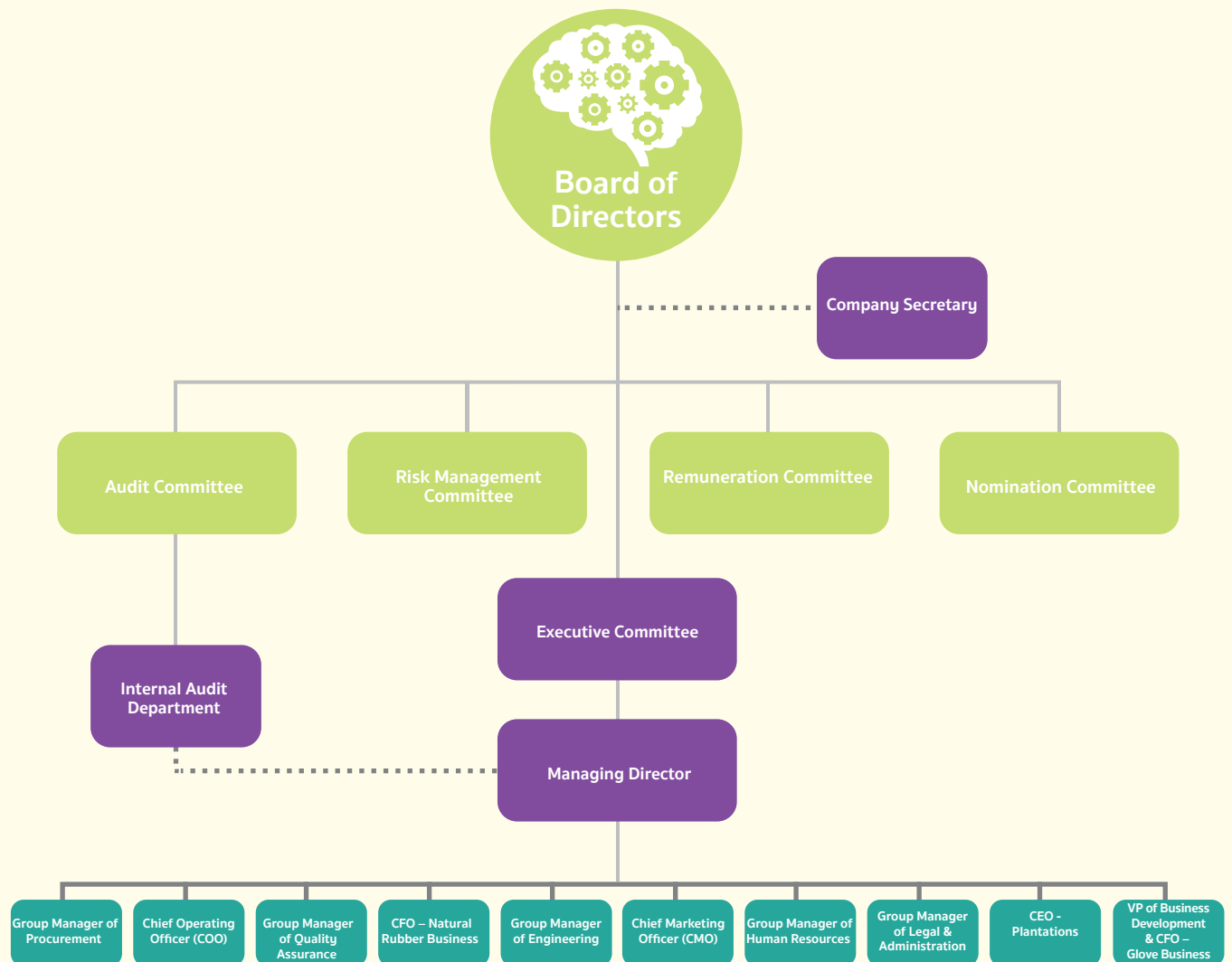
Our 4 production facilities in Thailand produce medical and general purpose gloves from both latex and nitrile and have a total of 17.2 billion pieces per annum in production capacity.



Sales and Distribution

Our 6 sales offices are located in strategic locations, namely Thailand, Indonesia, Singapore, China, Vietnam, and USA.

Corporate Structure



Business Overview



“The World’s Leading Fully Integrated Natural Rubber Company ”

Established in 1987, Sri Trang Agro-Industry Public Company Limited (STA) is the world’s leading fully integrated natural rubber company with a market share of 10% of global natural rubber consumption and 6% of global glove consumption. STA’s operations span all sectors of the natural rubber industry, from rubber plantations and rubber processing to glove production.

In the upstream, we own approximately 7,500 hectares of rubber plantations that are located in 19 provinces of Thailand.

In the midstream, our 36 processing facilities are located in Thailand and Indonesia, the world’s second largest natural rubber-producing countries, as well as in Myanmar, a country with strong potential for rubber production. Together they produce a complete range of natural rubber products, from Technically Specified Rubber (TSR) and Ribbed Smoked Sheets (RSS) to Concentrated Latex and have a total production capacity of 2.86 million tons per annum.

In the downstream, our subsidiary, Sri Trang Gloves (Thailand) Ltd., is the largest glove producer in Thailand and is ranked among the world’s leading glove producers. Its four production facilities in Thailand have a total production capacity of 17.2 billion pieces of gloves per annum and produce powdered and powder-free natural rubber and nitrile gloves that have a wide variety of applications, from medical to lifestyle. Moreover, we have also established a joint venture that is Thailand’s largest manufacturer of high-pressure hydraulic hoses

Additionally, we have various subsidiaries that provide operational support for our core businesses, from research and development to logistics to rubberwood processing.

STA is the first and the only Thai rubber company that is dually listed on both the Stock Exchange of Thailand (SET) and the Singapore Exchange (SGX).

Company Milestones



April
1987

Commenced operation as producer of ribbed smoked sheets in Hat Yai, Thailand with Baht 31 million in registered capital.

October
1987

Established Anvar Parawood to produce rubberwood used for making furniture, and to produce pallets to be used within Sri Trang Group.

March
1988

Established Rubberland Products to produce concentrated latex, the Group's first production facility for concentrated latex.

January
1989

Jointly established SSC (Presently called Sri Trang Gloves (Thailand) co., Ltd.) with an Austria-based company to produce latex examination gloves.

March
1990

Jointly established Thai Tech Rubber with Southland Rubber Co., Ltd and Itochu Corporation Limited to produce TSR block rubber.

August
1991

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

January
1994

Established Starlight Express Transport to provide logistics support for the Group.

March
1994

Established Premier System Engineering to provide support for research and development and to provide engineering services to the Group.

September
1995

Established Startex Rubber to hold ownership of and manage rubber plantations in the southern region of Thailand.

March
1996

Jointly established Semperflex Asia with an Austria-based company to produce high-pressure hydraulic hoses.

April
2002

Established Sri Trang International in Singapore, the natural rubber purchasing hub, to manage global distribution of the Group's natural rubber products.

March
2004

Established Sri Trang USA to manage distribution of the Group's natural rubber products in the US market.

July
2004

Established sales teams in Qingdao and Shanghai to conduct direct sales of the Group's natural rubber products to customers in the PRC.



Products and Services



Upstream Sector

Rubber Plantations

As of 31 December 2018, Sri Trang Group had obtained approximately 7,500 hectares of land suitable for the cultivation of rubber trees in 19 provinces of Thailand. 89% of the lot had already been planted with rubber trees and a small area had been already started to provide yield since 2015. The majority of our rubber plantations are located in the northern and north-eastern regions of Thailand. Our plantations are complementary to our midstream business both in terms of raw material procurement and NR production.



Midstream Sector

Natural Rubber Processing

As of 31 December 2018, Sri Trang Group had a total of 36 production facilities, of which 32 are located in Thailand, three in Indonesia, and one is in Myanmar. Altogether, the facilities provided a total production capacity of approximately 2.86 million tons per annum. In 2018, our utilization rate was at approximately 62.0% of total production capacity.

Natural rubber processing is the core business of Sri Trang Group, accounting for about 83.5% of the Group's total revenues in 2018. We produce a complete range of natural rubber products, namely, Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex to serve demand from all types of customers including tire manufacturers and glove producers from all over the world.

Natural Rubber Product



Technically Specified Rubber (TSR)

Product Type

Produced in Thailand:

- STR
- STR CV
- STR Mixture

Produced in Indonesia:

- SIR
- SIR Mixture

Produced in Myanmar:

- Myanmar Block Rubber

Use

Raw material for the manufacture of automotive tires.



Ribbed Smoked Sheets (RSS)

Product Type

5 grades of RSS: RSS1, RSS2, RSS3, RSS4 and RSS5

- ADS (Air-Dried Sheets)
- RSS 1XL

Use

Raw material for the manufacture of automotive tires and automotive parts, belts, pipes and shoes, etc



Concentrated Latex

Product Type

60% Concentrated Latex

- HA – High-Ammonia Latex
- MA – Medium Ammonia Latex
- LA – Low Ammonia Latex
- Double Centrifuge Latex

Use

Raw material for the manufacture of examination gloves, condoms, elastic and adhesives, etc.

The raw materials that are used in the production of TSR, RSS and Concentrated Latex are cup lump, unsmoked rubber sheets and field latex, respectively. Because raw materials account for 90% of our production costs, we have established procurement centres in the vicinity of raw material sources to reduce costs, ensure access to the raw materials and expand our procurement network.



Downstream Sector

Sri Trang Group produces two finished products, namely examination gloves and high-pressure hydraulic hoses.

Examination Gloves

examination gloves, industrial gloves, and general purpose gloves from both latex and nitrile rubber. The gloves are available powdered or powder-free to suit various uses and user preferences.

In addition to supplying products as an OEM (Original Equipment Manufacturer), we also market and distribute our products under our own “Sri Trang Gloves” brand, both in the domestic and overseas markets.

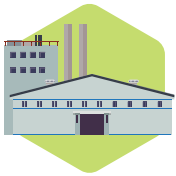
In 2018, we achieved our capacity expansion target for 2018 of 17.2 billion pieces of gloves per annum. We are widely regarded as Thailand’s largest and the world’s leading glove producers. Our glove product is one of the key products driving the Group’s revenue and net profit, accounting for about 16.0% of the Group’s total revenues in 2018.

In 2018, we achieved our capacity expansion target for 2018 of 17.2 billion pieces of gloves per annum. We are widely regarded as Thailand’s largest and the world’s leading glove producers and our eventual target is to rank among the world’s top three glove producers in the foreseeable future.

High-pressure Hydraulic Hoses

Semperflex Asia, jointly established by STA and an Austria-based company, is Thailand’s largest producer of high-pressure hydraulic hoses, which are widely used in the heavy industry.





Ancillary Businesses

Our subsidiaries within this division provide operational support to our primary operations



Sales and Distribution

We have established four trading and distribution centres for natural rubber and gloves in Singapore, PRC, US and Vietnam namely Sri Trang International, Sri Trang USA, Shi Dong Shanghai, Shi Dong Shanghai Medical Equipment and Sri Trang Indochina.

Logistics

Starlight Express Transport provides transportation and logistical services in Thailand and also handles export/import customs and documentation.



Engineering and Research & Development

Premier System Engineering provides machinery and equipment maintenance services to all of Sri Trang Group's production facilities and also conducts research and development activities including devising new technologies and customising products to customers' specifications.

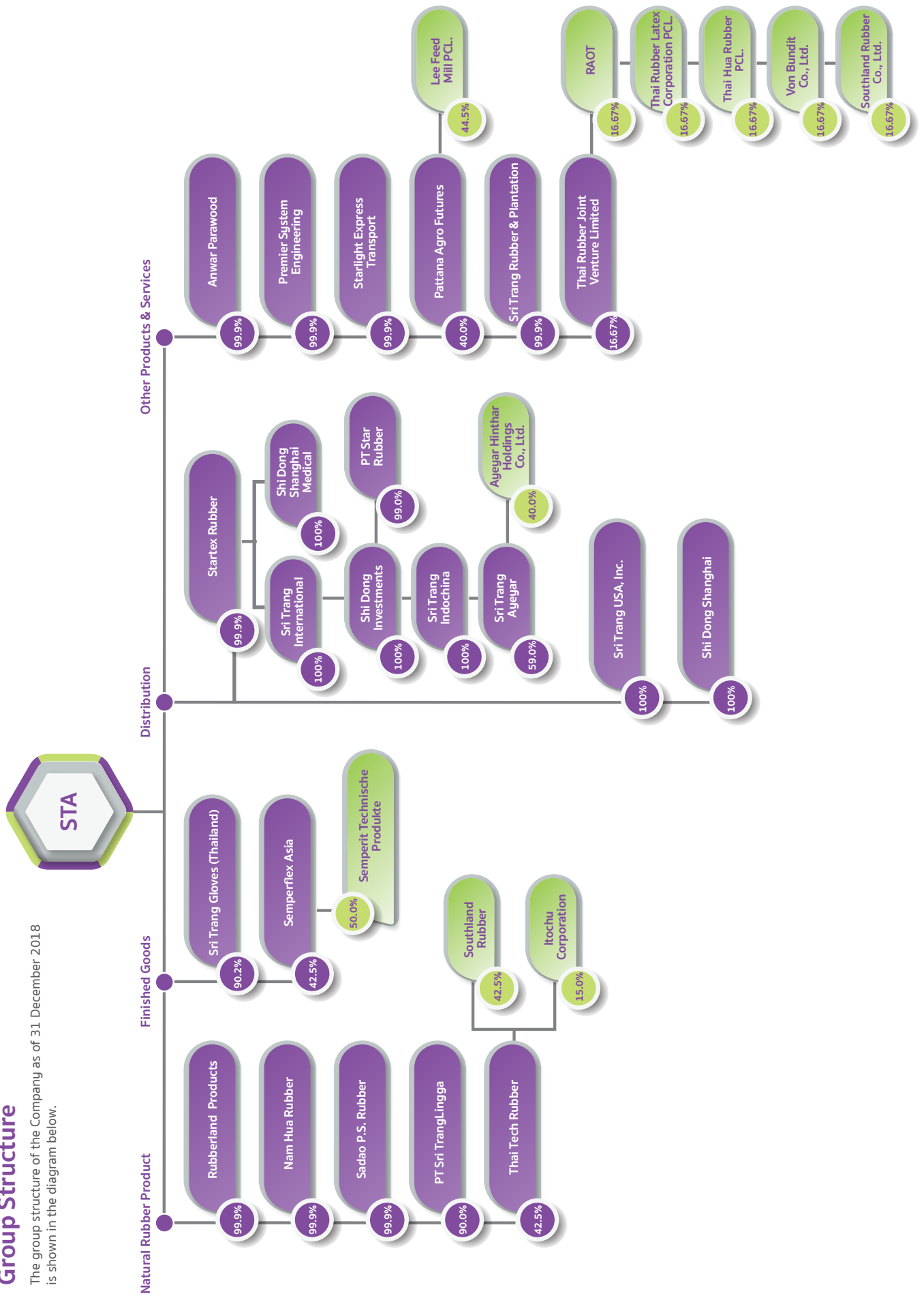
Parawood Processing

Anvar Parawood produces rubberwood as well as other types of wood, which are assembled into pallets for use within Sri Trang Group.



Group Structure

The group structure of the Company as of 31 December 2018 is shown in the diagram below.



Revenue Structure of Sri Trang Group

Type of Business / Operated by	% Share holding by STA	Year ended 31 December					
		2016		2017		2018	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
Revenue from TSR products		56,133.4	72.5	63,183.1	70.1	50,008.1	67.8
STA							
Sri Trang International	99.99						
Sri Trang USA, Inc.	100.00						
Rubberland Products	99.99						
Nam Hua Rubber	99.99						
PT Sri Trang Lingga	90.00						
Shi Dong Shanghai	100.00						
PT Star Rubber	98.99						
Sri Trang Ayeyar	58.99						
Revenue from RSS products		7,305.3	9.4	9,653.1	10.7	6,816.0	9.2
STA							
Sri Trang International	99.99						
Sri Trang USA, Inc.	100.00						
Nam Hua Rubber	99.99						
Shi Dong Shanghai	100.00						
Sadao P.S. Rubber	99.99						
Revenue from Concentrated Latex products		6,088.0	7.9	6,285.5	7.0	4,537.1	6.2
STA							
Sri Trang International	99.99						
Shi Dong Shanghai	100.00						
Sri Trang USA, Inc	100.00						
Rubberland Products	99.99						
Nam Hua Rubber	99.99						
Revenue from Examination Glove products*				9,858.7	10.9	11,786.3	16.0
STA							
Sri Trang Gloves (Thailand)	90.23						

Type of Business / Operated by	% Share holding by STA	Year ended 31 December					
		2016		2017		2018	
		Baht million	(%)	Baht million	(%)	Baht million	(%)
Sri Trang International	99.99						
Sri Trang USA, Inc.	100.00						
Shi Dong Shanghai	100.00						
Shi Dong Shanghai Medical Equipment	99.99						
Revenue from other products and services**		7,738.8	10.0	406.6	0.5	345.3	0.5
STA							
Anvar Parawood	99.94						
Sri Trang International	99.99						
Premier System Engineering	99.99						
Starlight Express Transport	99.99						
Startex Rubber	99.99						
Rubberland Products	99.99						
Sri Trang USA, Inc.	100.00						
Shi Dong Shanghai	100.00						
Sri Trang Rubber & Plantation	99.99						
Other income		197.5	0.2	685.5	0.8	239.5	0.3
Total revenue		77,463.0	100.0	90,072.5	100.00	73,732.3	100.0
Share of profit from investments in associates and joint ventures		402.8		129.8		223.7	

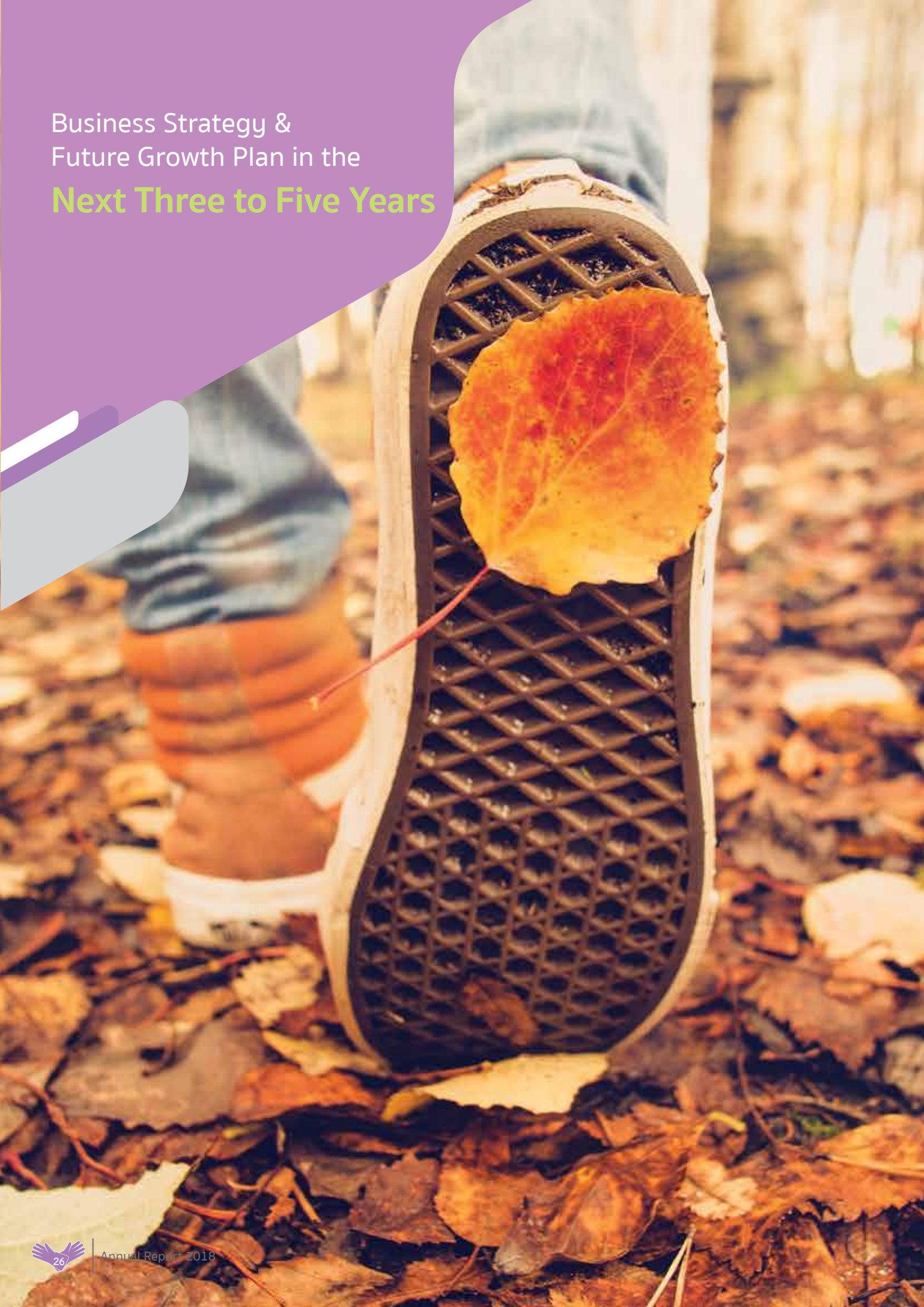
Notice:

*In March 2017, Sri Trang Gloves (Thailand) became our subsidiary (previously it was a joint venture company). The revenues from examination glove products therefore have been recorded in the consolidated financial statement after 15 March 2017 onwards.

**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



Business Strategy &
Future Growth Plan in the
Next Three to Five Years



As an industry leader with the largest production capacity,

STA's strategy is having procurement centers, processing facilities, as well as sales and distribution hubs in strategic locations all over the world and expanding NR processing capacity in the northeast of Thailand, where rubber supply is plentiful with a high potential growth. Our plan to increase production capacity by building new processing facilities and increasing the capacity of our current facilities, resulting in a threefold increase in our production capacity over the past 10 years helped us to achieve a compound annual growth rate (CAGR) of sales volume of 8-10%, outstripping the CAGR of global NR consumption of 3% and enabling us to maintain our market share at 10% of global NR consumption in 2018.

With our strong sales, R&D, quality control and CSR teams who are committed to working collaboratively to ensure customers' satisfaction, we are confident that we will be able to achieve a new record in sales volume every year, which will enable us to ultimately attain "STA 20," that is, to capture a market share of 20% of global NR and gloves consumption in the near future.

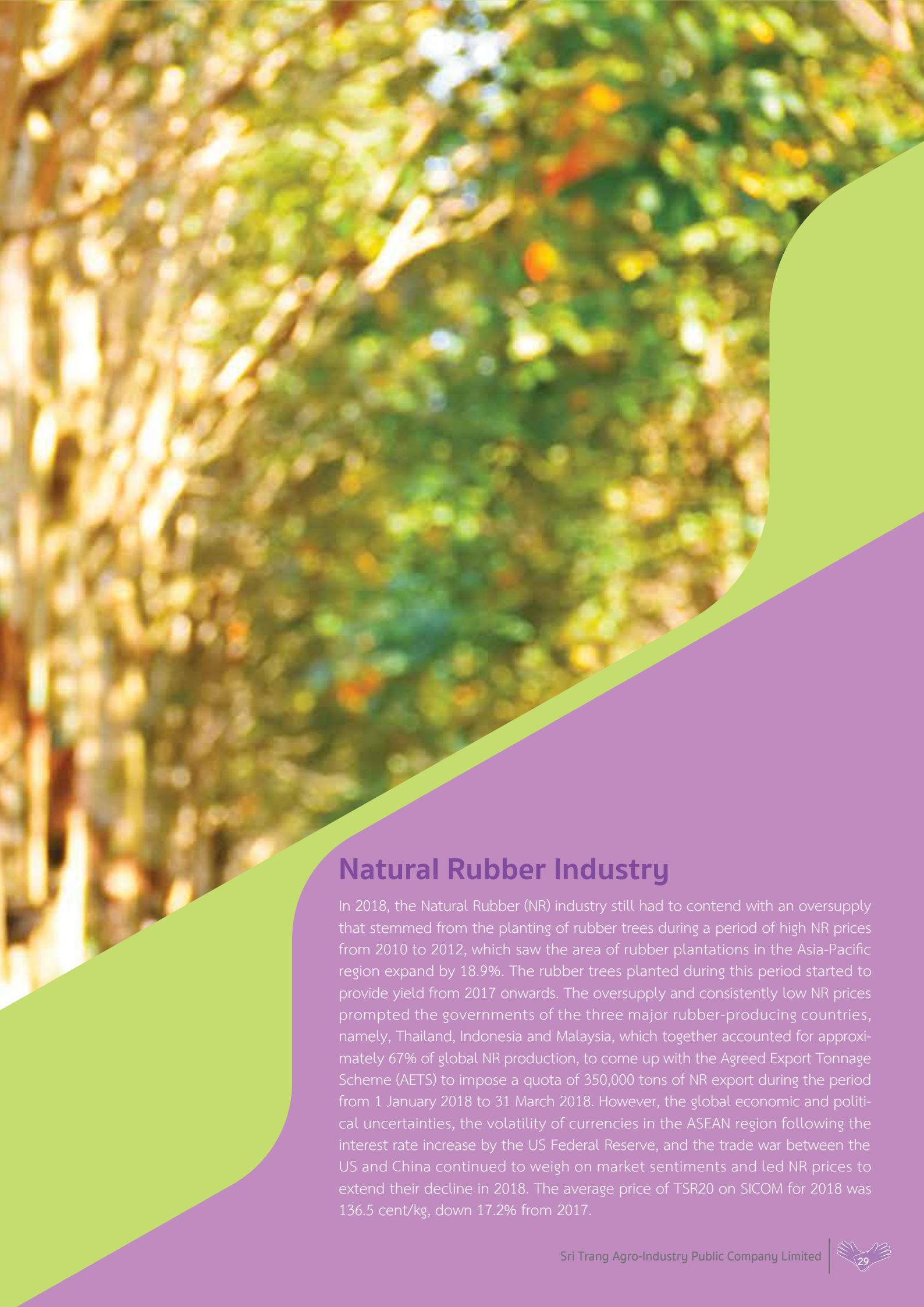
As for the gloves business, STA intends to capitalize on our competitive advantage over competitors in the production of latex gloves, which is our ready access to quality concentrated latex. We will also continue to produce nitrile gloves to satisfy customer demand from all over the world for medical, food, and lifestyle applications. In 2018, STA had a market share of 6% of global glove consumption. Going forward, STA will continue with the yearly expansion of our gloves production capacity to reach 30 billion pieces of gloves per annum within 2020 and our eventual target is to rank among the world's top three glove producers in the foreseeable future.

In addition, STA focuses on effective management together with applies technology, automation system, sensor system, and artificial intelligence development to become the Smart Factory. All of this will help reinforce our position as the world's largest fully integrated natural rubber company.

Industry Overview

and Competition





Natural Rubber Industry

In 2018, the Natural Rubber (NR) industry still had to contend with an oversupply that stemmed from the planting of rubber trees during a period of high NR prices from 2010 to 2012, which saw the area of rubber plantations in the Asia-Pacific region expand by 18.9%. The rubber trees planted during this period started to provide yield from 2017 onwards. The oversupply and consistently low NR prices prompted the governments of the three major rubber-producing countries, namely, Thailand, Indonesia and Malaysia, which together accounted for approximately 67% of global NR production, to come up with the Agreed Export Tonnage Scheme (AETS) to impose a quota of 350,000 tons of NR export during the period from 1 January 2018 to 31 March 2018. However, the global economic and political uncertainties, the volatility of currencies in the ASEAN region following the interest rate increase by the US Federal Reserve, and the trade war between the US and China continued to weigh on market sentiments and led NR prices to extend their decline in 2018. The average price of TSR20 on SICOM for 2018 was 136.5 cent/kg, down 17.2% from 2017.



Natural Rubber Demand and Supply in 2018

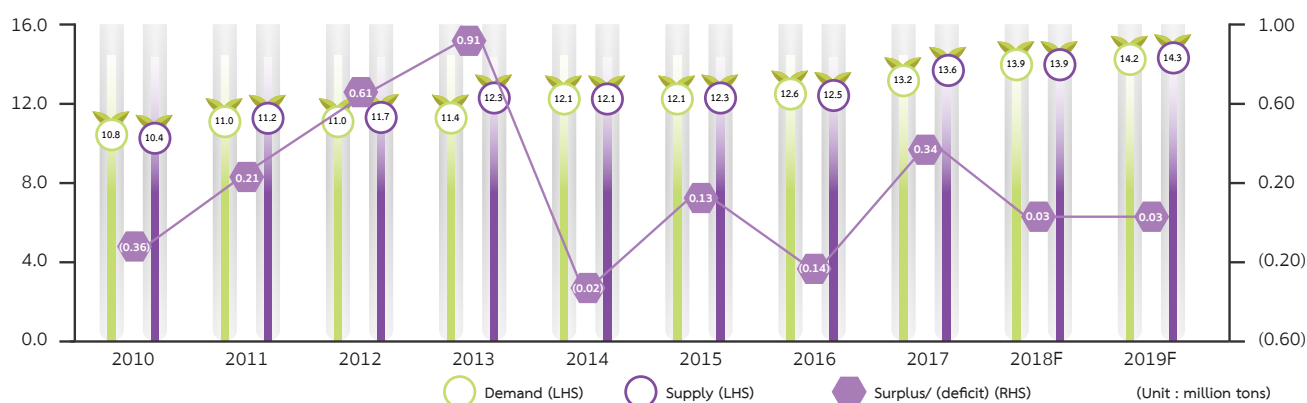
According to the World Rubber Industry Outlook, Review and Prospects to 2027, published by the International Rubber Study Group (IRSG) in December 2018, the global NR demand in 2018 was 13,867,000 tons, up 4.9% from 2017. The increase was driven by the growth of the tire industry, from both the Original Equipment Manufacturers (OEM) and the Replacement Equipment Manufacturers (REM), which together accounted for about 71% of global NR demand. The increased consumption of concentrated latex on the back of the steady growth of the glove industry also contributed to the overall growth in NR demand. Meanwhile, the global NR supply went up 2.5% to 13,901,000 tons in 2018. The supply growth mainly came from Thailand, PRC, Vietnam, and the CAMAL countries.

Natural Rubber Demand and Supply in 2019

with China remaining the world's largest consumer, followed by the European countries, India, the US and Thailand. But the growth in demand from India, and Malaysia, is expected to be higher than the overall growth rate, driven by increased consumption by the tire manufacturers and glove producers respectively. Meanwhile, the IRSG forecasted that global NR supply will increase by 2.6% to 14,262,000 tons in 2019, driven by supply from the CAMAL* countries. Supply from Thailand and Indonesia, the world's largest and second-largest NR-producing countries, is expected to be flat as replacement planting has remained steady while new planting has been steadily declining as a result of consistently low NR prices.

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

Diagram exhibits Demand and Supply of Natural Rubber during 2010 – 2019 (Unit : million tons)



Balance of Natural Rubber Demand and Supply

In 2019, NR supply from newly mature rubber trees is expected to grow at a slower rate as there has been less planting since 2013, when NR prices started to drop to lower levels. Moreover, the prolonged period of low NR prices has prompted rubber farmers to switch to more profitable crops, delay planting or replacement planting, and reduce the tapping frequency. The extended period of low NR prices has also dampened farmer interest in the rubber industry. Meanwhile, NR demand is still growing in tandem with the tire industry. The IRSG anticipates that NR supply surplus will slightly hover around 31,000 tons in 2019, down from 34,000 tons in 2018.



Rubber Glove Industry

The Malaysian Rubber Glove Manufacturers Association (MARGMA) projects the rubber glove demand in 2018 at approximately 268,000 million pieces per annum, and expects such demand to grow at the rate of 8-10% YoY. The main rubber gloves consuming countries are US, Europe, Japan, and South America, whereby rubber glove consumption per capita is higher than that of emerging markets. Nevertheless, the growth rate of rubber glove consumption per capita in emerging market is thriving at a considerably higher rate. Generally, there are three types of gloves that are commonly used including natural rubber gloves, nitrile gloves and vinyl gloves. The demand for each type of gloves is attributed by the purpose of uses, its unique properties and prices of each type of gloves.

Not just only the increase in demand from medical industry, the demand for rubber gloves is also trending upward from the widely use of other segments such as food industry, electronics industry, and aesthetic industry etc.

Competition

“It has been over half a decade that the natural rubber industry has had to contend with numerous challenges, including the slowdown of the global economy, the slowing economic growth in China, fluctuations of the USD and the volatility of commodity prices. Many of our competitors were unable to withstand this inhospitable industry climate and had to cease operation. The important factors enable us to retain our competitive edge consisting of the quality of our products, the size of our production scale, excellent customer service, and the geographical diversification of our operations, our experienced management and effective strategies for risk management”.

With a market share of 10%¹ of global NR consumption in 2018, we are widely regarded as the world’s largest fully integrated natural rubber processing company. Our operations are based in the top three NR producing and exporting countries, namely Thailand, Indonesia and Vietnam. Our main competitors are Von Bundit Company Limited, Southland Group, and Thai Hua Rubber Public Company Limited, which are based in Thailand, and the Kirana Group, Halcyon Agri Corporation (Sinochem Group), and China Hainan Rubber Industry Group, which are based in other countries. For STGT, the Company’s subsidiary, the rubber glove manufacturer under current production capacity at 17,200 million pieces per annum as of 31 December, 2018, accounting for 6% of market share based on consumption demand globally. Its main competitors are located in Malaysia, namely Top Glove, Hartalega, Supermax, and Kossan etc.

Our large scale of production has allowed us to benefit from the economies of scale, afforded us bargaining power with both suppliers and customers, facilitated research and development, and increased the accessibility to sources of funds.

As a midstream player in the NR industry, it is crucial that we are able to effectively coordinate with our upstream and downstream counterparts. We have, therefore, strategically set up production bases in Thailand and Indonesia, the world’s two largest NR producing countries, collectively contributing more than 60% of global NR production, as well as in Myanmar, where there is strong potential for growth in NR production. Crucially, we have established an extensive network of raw material procurement that covers various strategic areas. For sales and distribution, we have established subsidiaries in PRC, Singapore and Vietnam to carry out sales and marketing activities. With the quality of our products, we can count among our customers all of the world’s leading tire manufacturers.

Having our sales and distribution centers based in various strategic locations has enabled us to provide superior services to our customers as we are able to respond to customers from all over the world in a timely manner. Our ultimate goal is to achieve zero customer complaints.

Another key factor that has given us a competitive advantage over our competitors is that our management comprises industry veterans with nearly three decades of experience. In order for a company to be able to successfully navigate this challenging industry landscape, it must be able to devise effective business strategies and successfully execute them. Management must also possess thorough understandings of all external factors, which include world macro-economic conditions, demand-supply situations, currency movements, oil price trend, government policy, etc., that can potentially have an impact on the company’s operations in order to come up with effective risk management strategies. We believe that our management is possessed of all the knowledge and qualifications that are required to lead our operations to increased competitiveness and profitability and to reinforce our position as a dominant natural rubber player.

¹ Based on our sales volume of Natural Rubber Products approximately 1,336,649 tons for the financial year ended 31 December 2018 and the total global demand for natural rubber products approximately 13,867,000 tons in 2018. (Source : International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2027, December 2018) Based on our sales volume of Gloves approximately 16,937 million pieces, resulting from our own manufacturing and outsourcing, for the financial year ended 31 December 2018 and the total global demand for gloves approximately 268,000 million pieces in 2018. (Source : The Malaysian Rubber Glove Manufacturers Association)



Key Strengths

1. The world's largest natural rubber processing company

With an engineering capacity of 2.86 million tons per annum (as of December 2018), we can produce a complete range of natural rubber products that satisfy the demands of all types of customers from all over the world, enabling us to capture a market share of 10% of global natural rubber consumption. We are also able to achieve economies of scale and afforded bargaining power with both suppliers and customers thanks to our large production capacity.



2. Fully integrated supply chain business model

Having operations in every sector of the natural rubber industry, from rubber cultivation and rubber processing to the manufacture of finished products-- examination gloves --provides us with synergy and insights that enable us to effectively manage our operations and readily respond to changes in market conditions, resulting in competitive edge. Moreover, we are able to create value-added to our mid-stream products which is one of our main businesses. This strengths our aim to become *“a fully integrated natural rubber company and emphasize our position as a leading player in the natural rubber business globally”*.



3. Extensive network of sales and distribution

We have an extensive network of sales and distribution that provides us with direct access to customers from all over the world and allows us to gauge demand flow and market sentiment as well as promptly respond to customers need in each country with appropriate strategies.



4. Production bases in strategic locations

With production facilities in the Northeast and South of Thailand, in Indonesia, and in Myanmar, we are not hindered by the seasonality of rubber tapping and are able to have year-round production. Locating our production facilities in Thailand and Indonesia also provides us with ample access to raw materials, as these two countries are the world's top natural rubber producers, collectively accounting for more than 55% of global production volume. Myanmar is also regarded as high growth potential of natural rubber production.





5. Cutting-edge technology and strong R&D capabilities

Our research and development team is constantly working on new technologies that enable us to continually improve our efficiency and productivity. The team can also work directly with customers to tailor our products to their specifications.



6. Commitment to sustainability and community engagement

Our strong relationships with the local communities, cultivated over the years through community improvement initiatives, help to strengthen brand awareness and contribute to the growth of our business.



7. Dual-listing on the Stock Exchange of Thailand (SET) and the Singapore Exchange Ltd (SGX)

Being dually listed on both the SET and the SGX provides us with access to different sources of funds and financial instruments to support our operations and is testament to our transparency and good corporate governance.



8. Highly experienced management

Over three decades of industry experience, our management is well versed in the minutiae of the natural rubber industry and is able to skillfully navigate any challenges facing our operations and steer the business to success.





Board of Directors

01 Dr. Vigavood Sincharoenkul

Chairman/ Managing Director

02 Mr. Prakob Visitkitjakarn

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

03 Mr. Chaigos Sincharoenkul

Director/ Executive Director

04 Mr. Kitichai Sincharoenkul

Director/ Executive Director/
Nomination Committee Member

05 Mr. Veerasith Sinchareonkul

Director / Executive Director /
Chairman of Risk Management Committee

06 Mr. Paul Sumade Lee

Director/ Executive Director

07 Mr. Patrawut Panitkul

Director/ Executive Director/
Risk Management Committee Member

08 Mr. Li Shiqiang

Director

09 Mr. Chalernpop Khanjan

Director/ Executive Director/
Risk Management Committee Member

10 Mr. Kriang Yanyongdilok

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

11 Mr. Samacha Potavorn

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

12 Miss Anusra Chittmittrapap

Independent Director



Dr. Viyavood Sincharoenkul

Age: 63 years

Date of Appointment 27 December 1993

Chairman/ Managing Director



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



Present position

- Chairman, STA
- Managing Director, STA



Work Experience

2010 - Present
Chairman, STA

1993 - Present
Managing Director, STA

1989 - Present
Director, Sri Trang Gloves (Thailand)

2013 - 2017
Director, Sri Trang Ayeyar

1999 - 2017
Director, T.R.I Global Co., Ltd.

1987 - 1993
Managing Director, Sri Trang Agro-Industry Co., Ltd.

1985 - 1987
General Manager, Paktai Rubber Co., Ltd.



Positions in Non-Listed Companies in Thailand

- Director, Thai Tech Rubber
- Director, Semperflex Asia
- Director, Pattana Agro Futures
- Director, STH
- Director, Sri Trang Gloves (Thailand)



Positions in Non-Listed Companies in foreign countries

- Director, Sri Trang International
- Director, Shi Dong Investments
- Director, Shi Dong Shanghai
- Director, Shi Dong Shanghai Medical Equipment
- Director, Sri Trang Indochina



Positions in Other Listed Companies

- None



Training Program

- None

Mr. Prakob Visitkitjakarn

Age: 78 years

Date of Appointment 27 December 1993

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



Academic Background

Master of Business Administration,
Indiana University, USA

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



Present position

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



Work Experience

2016 – Present

Vice Chairman, STA

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
Audit Committee, Siam City Cement PLC.

1999 – 2008

Audit Committee, STA

1999 – 2002

Executive Vice President, Bank of Ayudhya PLC.



Positions in Non-Listed Companies in Thailand

- None



Positions in Non-Listed Companies in foreign countries

- None



Positions in Other Listed Companies

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



Training Program

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



Mr. Chaayos Sincharoenkul

Age: 67years

Date of Appointment 27 December 1993

Director/ Executive Director



Academic Background

Executive Micro MBA, Thammasat University



Present position

• Director, STA



Work Experience

1993 – Present

Director, STA

2014 – 2016

Member of Subcommittee for Considering and Studying Agricultural Productivity and Agriculture and Co-operatives, National Legislative Assembly

2014 – 2015

Member of Ad Hoc Subcommittee for Considering Rubber Organization under the Bill on Rubber of Thailand,

2008 – 2014

Director, The Federations of Thai Industries

2008 - 2012

Chairman, The Federations of Thai Industries, Songkhla Province

1990 – 2004

Director, Thai Tech Rubber

2008 – 2010

Co-Chairman, IMT-GT Joint Business Council, Thailand



Work Experience

2008 – 2010

Chairman, Working Group on Agriculture, Agro-Based Industry and Environment

1987 - 1993

Director, Sri Trang Agro-Industry Co., Ltd.



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
- Chairman of Asian Rubber Business Council (ARBC)
- Director, International Rubber Consortium Ltd.(IRCo)
- Director of Natural Rubber Policy Committee
- President of the Thai Rubber Association



Positions in Non-Listed Companies in foreign countries

- Director, Shi Dong Shanghai
- Director, Shi Dong Shanghai Medical Equipment



Positions in Other Listed Companies

- None



Training Program

- DAP 66/2007, Thai Institute of Directors Association

Mr. Kitichai Sincharoenkul

Age: 59 years

Date of Appointment 10 April 1995

Director/ Executive Director/
Nomination Committee Member



Academic Background

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



Present position

- Executive Director, STA (Bangkok branch)
- Director, STA
- Group Manager of Legal & Administration, STA
- Nomination Committee Member, STA



Work Experience

2010 – Present

Group Manager of Legal & Administration

2010 – Present

Nomination Committee Member, STA

1995 – Present

Director, STA

1989 – Present

Director, Sri Trang Gloves (Thailand)

1988 – 2006

Branch Manager, STA

1984 – 1987

Credit Department of Citibank



Positions in Non-Listed Companies in Thailand

- Director, Semperflex Asia
- Director, STH
- Director, Pattana Agro Futures
- Director, Sri Trang Gloves (Thailand)



Positions in Non-Listed Companies in foreign countries

- Director, Sri Trang Indochina
- Director, Sri Trang International
- Director, Shi Dong Investments
- Director, Sri Trang Ayeyar



Positions in Other Listed Companies

- None



Training Program

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



Mr. Veerasith Sinchareonkul

Age: 34 years

Date of Appointment 28 April 2010

Director / Executive Director /
Chairman of Risk Management Committee



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



Present position

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



Work Experience

2018 – Present

Chairman of Thai Rubber Glove Manufacturers Association

2013 – Present

Chairman of Risk Management Committee, STA

2010 – Present

Director, STA

2017 – Present

Director, Sri Trang Gloves (Thailand)

2008 – 2011

Corporate Credit Analyst, Kasikornbank Pcl.



Positions in Non-Listed Companies in Thailand

- Director, Sri Trang Gloves (Thailand)
- Director, Rubberland Products
- Director, Premier System Engineering
- Director, Starlight Express Transport
- Director, Sri Trang Rubber & Plantation
- Director, Semperflex Asia
- Director, Thai Tech Rubber
- Chairman of Thai Rubber Glove Manufacturers Association



Positions in Non-Listed Companies in foreign countries

- Director, Sri Trang USA, Inc.
- Director, Sri Trang Ayeyar
- Director, PT Sri Trang Lingga



Positions in Other Listed Companies

- None



Training Program

- DAP 85/2010, Thai Institute of Directors Association
- TLCA Executive Development Program (EDP) class 10
- FSD 26/2014, Thai Institute of Directors Association

Mr. Paul Sumade Lee

Age: 64 years

Date of Appointment 28 June 2010

Director/ Executive Director



Academic Background

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



Present position

- Director, STA
- Chief Marketing Officer, STA



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



Positions in Non-Listed Companies in Thailand

- Director, Thai Tech Rubber



Positions in Non-Listed Companies in foreign countries

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



Positions in Other Listed Companies

- None



Training Program

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



Mr. Patrawut Panitkul

Age: 50 years

Date of Appointment 7 May 2014

Director/ Executive Director/
Risk Management Committee Member



Academic Background

Bachelor Degree of Business Administration
Accounting, Prince of Songkhla University



Present position

- Director, STA
- Risk Management Committee Member, STA
- CFO – Natural Rubber Business, STA



Work Experience

2014 – Present

Director, STA

2013 – Present

Risk Management Committee, STA

2010 – Present

CFO – Natural Rubber Business, STA

2016 – 2017

Director, Sri Trang Gloves (Thailand)

2001 – 2009

Accounting Manager, STA

1992 – 2000

Accounting Manager, Siam Sempermed



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

- Director, PT Sri Trang Lingga



Positions in Other Listed Companies

- None



Training Program

- DCP195/2014, Thai Institute of Directors Association
- SFE24/2015 Successful Formulation & Execution of Strategy, Thai Institute of Directors Association
- Financial Instruments for Non-Financial Institutions, NYC Management Co.,Ltd.

Mr. Li Shiqiang

Age: 46 years

Date of Appointment 7 May 2014

Director



Academic Background

Master degree in Business Management,
Shanghai University, China

Bachelor degree in Business English,
Qingdao University, China



Present position

- Director, STA



Work Experience

2014 – Present

Director, STA

2017 – Present

Director, Shi Dong Shanghai Medical Equipment

2012 – Present

Vice Chairman of China rubber Association

2010 – Present

Director and General Manager, Shi Dong Shanghai

2004 – 2010

Consulting Representative of Sri Trang Group in China

2002 – 200

Import and Export Manager of Qingdao Sentaiderubber 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.



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
- Director, Shi Dong Shanghai Medical Equipment



Positions in Other Listed Companies

- None



Training Program

- DAP 125/2016, Thai Institute of Directors Association



Mr. Chalernpop Khanjan

Age: 48 years

Date of Appointment 29 October 2015

Director/ Executive Director/
Risk Management Committee Member



Academic Background

Executive Micro MBA, Thammasat University



Present position

- Director, STA
- Risk Management Committee Member, STA
- Production Group Manager, STA



Work Experience

2015 – Present

Director, STA

2013 – Present

Risk Management Committee Member, STA

2010 – Present

Production Group Manager, STA

2006 – Present

Production Group Manager, Rubberland Products

1998 – 2005

Factory Manager, Rubberland Products

1994 – 1997

Assistant LTX Factory Manager, STA



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



Positions in Other Listed Companies

- None



Training Program

- DAP 132/2016, Thai Institute of Directors Association
- Strategic Innovation Management Training Program, The National Innovation Agency

Mr. Kriang Yanyongdilok

Age: 80 years

Date of Appointment 25 January 2000

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



Academic Background

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



Present position

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



Work Experience

2010 – Present

Chairman of Nomination Committee, STA

2010 – Present

Remuneration Committee Member, 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 Member, Oishi Group PLC.



Work Experience

1985 – 1998

Provincial Revenue, Area Revenue Office, Regional
Revenue Office 3, Revenue Office

1968

Ombudsman, third class, Revenue Office, Phuket

1965

Class-three auditor official, Office of the Auditor-
General of Thailand



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



Positions in Other Listed Companies

- None



Training Program

- DAP 11/2004, Thai Institute of Directors Association



Mr. Samacha Potavorn

Age: 75 years

Date of Appointment 1 February 2008

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



Academic Background

Master Degree in Governmental Administration,
Thammasat University

Thai barrister-at-law

Bachelor of Laws, Thammasat University



Present position

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



Work Experience

2015 – Present

Co-Chairman of Complaint Consideration for
Prior Financial Support in Accordance with Section 41,
National Securities Health Office 2002 in
Phang Nga Province

2015 – Present

Aor.Kor.Por. SorAor.Bor.Tor.,
The Prime Minister's Office

2011 – Present

University Council, Rajamangala University
of Technology Srivijaya

2010 – Present

Remuneration Committee Member and
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



Work Experience

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



Positions in Non-Listed Companies in Thailand

University Council, Rajamangala University of
Technology Srivijaya



Positions in Non-Listed Companies in foreign countries

- None



Positions in Other Listed Companies

- None



Training Program

- DAP 75/2008, Thai Institute of Directors Association
- SGX Listed Companies Development Programme:
Understanding the Regulatory Environment in
Singapore: What Every Director Ought to Know

Miss Anusra Chittmittrapap

Age: 64 years

Date of Appointment 21 September 2017

Independent Director



Academic Background

Bachelor of Communication Arts (Honors),
Chulalongkorn University

Certified Degree, King Prajadhipok's
Institute (2005)



Present position

- Independent Director, STA



Work Experience

2018 - Present

Advisor, Banpu Infenergy Co., Ltd.

2018 - Present

Chairman and Audit Committee
Member, CMO Plc.

2017 - Present

Independent Director, STA

2017 - Present

Advisor, Berli Jucker Plc.

2016 - 2018

Independent Director and Audit Committee
Member, CMO Plc.

2015 – 2016

Director, The Queen Sirikit Botanic Garden

2015

Chairman, Thailandpost Distribution Co., Ltd.

2014 – 2015

Vice Chairman, Thailandpost Co., Ltd.

2011 – 2014

Managing Director, Thailandpost Co., Ltd.



Positions in Non-Listed Companies in Thailand

- None



Positions in Non-Listed Companies in foreign countries

- None



Positions in Other Listed Companies

- Independent Director and Audit Committee Member, CMO Plc.
- Advisor, Berli Jucker Plc. Positions in Non-Listed Companies in Thailand



Training Program

- Chartered Director Class 2014, Thai Institute of Directors Association
- Role of the Compensation Committee (RCC) 2014, Thai Institute of Directors Association
- Director Certification Program (DCP) 2011, Thai Institute of Directors Association

Executive Management



Mrs. Prapai Srisuttiphong

Group Manager of Procurement

Age: 65 years



Mr. Arsom Aksornnam

Group Manager of Production

Age: 51 years



Academic background

Vocational Certificate in Accountancy from the Polytechnic Bangkok College



Training Program

Executive Micro MBA, Thammasat University



Director Position in Other Companies

None



Work Experience

2005 – Present
Group Manager of Procurement, STA

1997 - 2004
Head of Accounting, Raw Materials Verification Division, STA

1993 - 1996
Accountant, STA



Academic background

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



Training Program

Executive Micro MBA, Thammasat University



Director Position in Other Companies

Director, Sri Trang Gloves (Thailand)



Work Experience

2008 - Present
Group Manager of Production, STA

2017 – Present
Director, Sri Trang Gloves (Thailand)

2009 – Present
Factory Manager, Sri Trang Gloves (Thailand)

2004 - 2008
Factory Manager, Shanghai Sempermed

1998 - 2003
Factory Manager, Sri Trang Gloves (Thailand)

1995 - 1997
Production Manager, Sri Trang Gloves (Thailand)

1989 - 1994
Line Chemist, Sri Trang Gloves (Thailand)



Mr. Chaidet Pruksanusak
Group Manager of Quality Assurance
 Age: 50 years



Academic background

Diploma in Finance and Banking,
 Bangkok Commercial College



Training Program

Executive Micro MBA, Thammasat University



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



Mr. Rattapong Laparajki
Group Manager of Engineering
 Age: 45 years



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 Engineering, STA

2015 - Present
 Director, Premier System Engineering

2009 - Present
 Engineering Manager, Premier System Engineering

2003 - 2009
 Factory Manager of Technical
 Premier System Engineering

2001 - 2003
 Factory Manager, Premier System Engineering

2000 - 2001
 Assistant Factory Manager, Premier System
 Engineering



Mr. Phanlert Wangsuphadilok

Group Manager of Engineering

Age: 47 years



Academic background

Master of Engineering, King Mongkut's University of Technology Thonburi

Bachelor of Engineering, Kasem Bundit University



Training Program

None



Director Position in Other Companies

Director, Premier System Engineering

Director, Sri Trang Gloves (Thailand)



Work Experience

Present
Group Manager of Engineering, STA

2017 – Present
Director, Sri Trang Gloves (Thailand)

2015 - Present
Director, Premier System Engineering

2009 - Present
Factory Manager of Technical, Premier System Engineering

2006 - 2009
Assistant Factory Manager, Semperflex Asia

1998 - 2006
Production Manager, Semperflex Asia



Mr. Udom Pruksanusak

CEO - Plantation

Age: 57 years



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 Rubber & 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, Sri Trang Gloves (Thailand)

1998 - 1999
Factory Manager, Semperflex Asia

1997 - 1998
Production Manager, Sri Trang Gloves (Thailand)



Miss Nuchanart Chaiyarat
Group Manager of Human Resources
 Age: 51 years

Academic background

Bachelor of Marketing Science,
 Prince of Songkhla University

Training Program

None

Director Position in Other Companies

None

Work Experience

2008 - Present
 Group Manager of Human Resources, STA

2015 – 2018
 Director, STH

2000 - 2007
 Purchasing Manager, Sri Trang Gloves (Thailand)



Miss Thanawan Sa-ngiamsak, CFA
Vice President - Business Development and CFO – Gloves Business
 Age: 40 years

Academic background

Master of Science in Finance,
 the University of Strathclyde, UK,
 with Distinction

Bachelor of Science in Accounting,
 Thammasat University, 1st Class Honor

Training Program

None

Director Position in Other Companies

Director, Sri Trang Gloves (Thailand)

Work Experience

2017 - Present
 Director, Sri Trang Gloves (Thailand)

2017 - Present
 CFO – Gloves Business, Sri Trang Gloves (Thailand)

2017 - Present
 Vice President - Business Development, STA

2011 - 2017
 Vice President - 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

2001
 Auditor, Ernst & Young Office Limited

MANAGEMENT STRUCTURE

As of 31 December 2018, the corporate structure of STA consists of six committees which are the Board of Directors of STA, the Audit Committee, the Executive Committee, the Nomination Committee, the Remuneration Committee, and the Risk Management Committee.

The Board of Directors of STA

As of 31 December 2018, the Board of Directors of STA consists of 12 directors as follows:

Name	Position	Remarks
1. Mr. Viyavood Sincharoenkul	Chairman /Managing Director / Executive Committee member	Executive Director
2. Mr. Prakob Visitkitjakarn	Chairman of the Audit Committee / Vice Chairman / Independent Director / Chairman of the Remuneration Committee	Non-Executive Director
3. Mr. Chaiyos Sincharoenkul	Director/ Executive Committee member	Executive Director
4. Mr. Kitichai Sincharoenkul	Director/ Executive Committee member / Nomination Committee member	Executive Director
5. Mr. Paul Sumade Lee	Director / Executive Committee member	Executive Director
6. Mr. Veerasith Sinchareonkul	Director / Executive Committee member / Chairman of the Risk Management Committee	Executive Director
7. Mr. Patrawut Panitkul	Director/ Executive Committee member / Risk Management Committee member	Executive Director
8. Mr. Li Shiqiang	Director	Executive Director
9. Mr. Chalernpop Khanjan	Director / Executive Committee member / Risk Management Committee member	Non-Executive Director
10. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member / Chairman of the Nomination Committee / Remuneration Committee member	Non-Executive Director
11. Mr. Samacha Potavorn	Independent Director/ Audit Committee member / Nomination Committee member / Remuneration Committee member	Non-Executive Director
12. Ms. Anusra Chittmittrapap	Independent Director	

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

Authorized Directors of STA

Any two of the seven following directors of STA, namely, Mr.Viyavood Sincharoenkul, Mr.Chaiyos Sincharoenkul, Mr.Kitichai Sincharoenkul, Mr.Veerassith Sinchareonkul, Mr.Paul Sumade Lee, Mr.Patrawut Panitkul and Mr.Chalermpop Khanjan shall affix their signatures and STA's seal.

Engagement of Mr. Somwang Sincharoenkul as Honorary Adviser

The Board of Directors Meeting No. 2/2018, held on 9 March 2018, resolved to approve the continuance of the engagement of Mr. Somwang Sincharoenkul as Honorary Adviser of STA for another two years. Such advisory services are as follows:

1. Advise on the formulation of the Company's goals and vision.
2. Advise on the business plans, investment plans and policies of the Company, both domestically and internationally.
3. Advise on strategies in relation to the use of raw materials, procurement, prices and quantities in each period and taking into account the local conditions.
4. Advise on dealings with the media, local authorities and government agencies in the south of Thailand.

Mr. Somwang Sincharoenkul does not have any participation in the Company's operations. His remuneration starting from 6 May 2018 to 6 May 2020 is Baht 428,000 per month or Baht 5,136,000 per year. This transaction is considered as a connected transaction.

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

The Board of Directors of 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 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, various committees, and the Managing Director.
4. Authorize the Executive Directors management officers or any person to act on behalf of the Board of Directors.
5. Approve investments in securities or debt instruments.

6. Approve the entering into guarantee for credit facility, for the benefit of companies having business connection with the company as the shareholder.

7. Approve the establishment, merger or dissolution of subsidiary companies.

8. Seek advice from specialists or company 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. be in accordance with notifications, rules and/or regulations related to the Stock Exchange.

12. Provide the efficiency internal audit system especially the transactions which are the Interest of Directors which is within the scope of Stock Exchange of Thailand's regulation.

However, in the granting of powers, duties and responsibilities, the Board of Directors shall not grant or sub-grant power to a grantee that causes the Board of Directors or the grantee to approve transactions in which the Board of Directors or the grantee, or any person who may have any conflict of interest (as defined in the notification of the SEC), may have a vested interest, or any other conflict of interest with the Company or its subsidiaries. Approval of such transaction is required to be presented to the Board of Directors Meeting and/or the Shareholders.

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

The Company's Board of Directors Meeting No. 6/2018, held on 16 July 2018, resolved to approve the scope of duties and responsibilities of the Chairman of Board of Directors as below:

1. Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve STA's objectives.
2. Ensure that all directors contribute to STA's ethical culture and good corporate governance.
3. Set the board meeting agenda by discussing with independent directors and have a measure to oversight that important matters should be included as the meeting agenda.
4. Allocate sufficient time for management to propose topics and for directors to discuss important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of SAT.
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.
6. In case of an equality of votes, the Chairman of the Board shall have an additional vote as the casting vote.

To encourage good corporate governance and ensure the balance of power and authority of the board and between the Board and management, the Board therefore designated an independent director to participate in setting the Board meeting agenda.

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. Of the total number of Board members, at least one-third and no fewer than three persons must be independent directors;
3. 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.
4. At every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office. The Directors who are to retire from office in the first and the second years after registration of the Company shall be drawn by lots. In subsequent years, the Directors who have been holding office for the longest time shall retire.
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 eight Executive Directors and four Non-executive Directors.

The composition of the Board takes into consideration the nature and scope of the Group's operations to allow constructive discussion on the basis of board diversity in terms of knowledge, skills, experiences, ages, and genders of directors bringing about the reasonable decision making. In this regard, STA's directors have invaluable experience in accounting, finance, business management, strategic planning, marketing, law and the rubber industry in order to perform their duties effectively.

Qualifications of Independent Directors

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, or a 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 a subsidiary of a subsidiary of STA; (c) any person who has an interest who holds not less than ten percent of the total voting shares in STA; and/or (d) any officers of STA who can interfere with the exercise of any Director's independent judgment.

3. Neither being nor having an immediate family member (which includes spouse, child, adopted child, stepchild and parents) 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 or having been directly associated with a shareholder who holds more than 10% of the shares of STA in the current or immediately preceding financial year.

5. Not being or 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 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 that was 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 having an immediate family member including spouse, child, adopted child, stepchild, sibling and parent, who is, or has been in any of the past three financial years, employed by STA or any of its related companies and whose remuneration is or was determined by the remuneration committee.

8. Not being a director or having an immediate family member including spouse, child, adopted child, stepchild, child of spouse, sibling, and parent who accepts or has accepted compensation from STA or any of its related companies for the provision of services, other than services as director, for the current or immediately preceding financial year.

9. Not having or having had a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, in a manner which might interfere with his independent judgement, and not being or 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 independent director.

10. Not being or having been an auditor of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs an auditor of 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 independent director.

11. Not being or having been a provider of any professional services including those as legal advisor or financial advisor who receives or received service fees exceeding two million baht per year from STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of such professional services, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.

12. Not being a director appointed as representative of directors of STA, a major shareholder or a shareholder who is related to a major shareholder of STA, or a director who is or has been directly associated with a shareholder who holds 10% or more of the shares of STA, in the current or immediately preceding financial year. A director will be considered "directly associated" with a shareholder who holds 10% or more of the share of STA when the director is accustomed to or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of such shareholder in relation to the corporate affairs of STA.

13. Not undertaking any business that is of the same nature as and in competition to the business of STA or its subsidiary company, and 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 any other company that engages in business that is of the same nature as and in competition to the business of STA or its subsidiary company.

14. Not having any other characteristic that could cause the inability to express independent opinions with regard to the business operations of STA.

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. Additionally, The Board of Directors is of the opinion that both Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok, who have served as Independent Directors for STA beyond nine years, should continue to serve as Independent Directors of STA as they have the qualifications required by the Capital Market Supervisory Board and 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 STA.

Executive Committee

As of 31 December 2018, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman of Executive Committee
2. Mr. Chaiyos Sincharoenkul	Executive Committee member
3. Mr. Kitichai Sincharoenkul	Executive Committee member
4. Mr. Paul Sumade Lee	Executive Committee member
5. Mr. Veerasith Sinchareonkul	Executive Committee member
6. Mr. Patrawut Panitkul	Executive Committee member
7. Mr. Chalernpop Khanjan	Executive Committee member

Scope of Duties and Responsibilities of the Executive Committee

STA has specified scope of duties and responsibilities of the Executive Committee as follows:

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 three independent directors and all have the qualifications required by the Capital Market Supervisory Board and the SET. As of 31 December 2018, the Audit Committee consists of the following directors:

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

Mr. Prakob Visitkitjakarn and Mr. Kiang 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.

Qualifications of Audit Committee Members

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, a major shareholder or controlling person of STA, including shares held by related persons of such audit committee member.
2. Not taking part in the management of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, and not being a major shareholder of STA.
3. Not being an employee or advisor who receives salary from STA, its subsidiary company, associate company, same-level subsidiary company or major shareholder; for example, the Chief Executive Officer may not be an audit committee member because he or she is directly responsible for the management of STA.
4. Not having or having had benefits or interests, whether direct or indirect, in the finance and management of STA, its subsidiary company, associate company or major shareholder, or any other benefits or interests of similar nature, in the year prior to the appointment as audit committee member, unless the Board of Directors has carefully considered the matter and is of the opinion that such benefits or interests will not interfere with the performance of duties and the giving of independent opinions by such person.
5. Not being related to or a close relative of any member of the management or a majority shareholder of STA.
6. Not being appointed to safeguard the interests of the directors or major shareholders or shareholders who are related to the major shareholders of STA.
7. Being capable of performing the duties, giving opinions or reporting the results as has been delegated by the Board of Directors independent of control by the management or a major shareholder, including related persons or close relatives of the such persons.

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.

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.

Nomination Committee

As of 31 December 2018, the Nomination Committee of STA consists of three Directors as follows:

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

Scope of Duties and Responsibilities of the Nomination 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 Nomination 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.

Remuneration Committee

As of 31 December 2018, the Remuneration Committee consists of three 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 2018, the Remuneration Committee consists of five 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 Thiraputhbhokin	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. Scrutinize the risk management policy that is consistent with the Company's strategy and propose to the Board of Directors regularly at least once a year to ensure that that it conforms to and is line with the current business circumstances.
2. Review and amend the charter of the Risk Management Committee to keep it conforms to the current circumstances and environment, and propose to the Board of Directors to approve.

Details of Meeting Attendances of the Board of Directors and Board Committees

The details of attendance at the meetings of the Board of Directors, the Executive Committee, the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Risk Management Committee in 2018 are as follows:

Name	No. of Attendances											
	Board of Directors		Executive Committee		Audit Committee		Nomination Committee		Remuneration Committee		Risk Management Committee	
	2018	(%)	2018	(%)	2018	(%)	2018	(%)	2018	(%)	2018	(%)
1. Mr. Viyavood Sincharoenkul	8/9	89	4/4	100	-	-	-	-	-	-	-	-
2. Mr. Chaiyos Sincharoenkul	9/9	100	4/4	100	-	-	-	-	-	-	-	-
3. Mr. Kitichai Sincharoenkul	9/9	100	4/4	100	-	-	2/2	100	-	-	-	-
4. Mr. Paul Sumade Lee	9/9	100	4/4	100	-	-	-	-	-	-	-	-
5. Mr. Veerasith Sinchareonkul	8/9	89	4/4	100	-	-	-	-	-	-	4/4	100
6. Mr. Patrawut Panitkul	9/9	100	4/4	100	-	-	-	-	-	-	2/4	50
7. Mr. Li Shiqiang	7/9	78	-	-	-	-	-	-	-	-	-	-
8. Mr. Chalernpop Khanjan	9/9	100	4/4	100	-	-	-	-	-	-	3/4	75
9. Mr. Prakob Visitkitjakarn	9/9	100	-	-	8/8	100	-	-	2/2	100	-	-
10. Mr. Kriang Yanyongdilok	9/9	100	-	-	8/8	100	2/2	100	2/2	100	-	-
11. Mr. Samacha Potavorn	8/9	89	-	-	8/8	100	2/2	100	2/2	100	-	-
12. Ms. Anusra Chittmittrapap	9/9	100	-	-	-	-	-	-	-	-	-	-
Percentage of attendance of each committee	95		100		100		100		100		75	

In 2018, there was a Board of Directors Meeting without management, held on 12 December 2018.

Executives (pursuant to the definition of “Executive(1)” in the SEC’s notification no. GorJor. 17/2008 re: Definitions under Notifications relating to the Issuance and Offering of Securities)

As of 31 December 2018, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman and Managing Director
2. Mr. Chaiyos Sincharoenkul	Director
3. Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal and Administration
4. Mr. Paul Sumade Lee	Director and Chief Marketing Officer
5. Mr. Veerasith Sinchareonkul	Director
6. Mr. Patrawut Panitkul	Director and CFO – Natural Rubber Business
7. Mr. Li Shiqiang	Director
8. Mr. Chalernpop Khanjan	Director and Chief Operating Officer
9. Mr. Prakob Visitkitjakarn	Vice Chairman, Independent Director, and Chairman of the Audit Committee
10. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
11. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee
12. Ms. Anusra Chittmittrapap	Independent Director
13. Mrs. Prapai Srisuttiiphong	Group Manager of Procurement
14. Mr. Arsom Aksornnam	Group Manager of Production
15. Mr. Chaidet Pruksanusak	Group Manager of Quality Assurance
16. Mr. Rattapong Laparojkit	Group Manager of Engineering
17. Mr. Phanlert Wangsuphadilok	Group Manager of Engineering
18. Mr. Udom Pruksanusak	CEO - Plantations
19. Ms. Nuchanart Chaiyarat	Group Manager of Human Resources
20. Ms. Thanawan Sa-ngiamsak	Vice President - Business Development & CFO – Gloves Business

Note:

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

Scope of Authorities and Responsibilities of the Company Secretary 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.

The Board of Directors of STA resolved to appoint Mrs. Pacharin Anuwongwattanachai, who qualifications, graduated in accounting, has completed company secretary training and other related training programs, and possesses the skills, knowledge, understandings relating to “Company Secretary”), having the duties and responsibilities as provided in the Securities advice on compliance with the relevant laws and regulations to the Board of Directors, organizing Board of Directors activities and ensuring compliance with the resolutions of the Secretary has to attend and safeguard all meeting documents and ensures procedural of the Company Secretary is subject to the approval of the Board of Directors.

Remuneration of Directors and Executive Officers

Financial Remuneration

(1) Directors' Fees

For the fiscal year ending 31 December 2018, STA paid the directors' fees to the Directors in the amount of Baht 8,028,000 in compensation for the services rendered. The details are as follows:

Name	Amount of Directors' Fees (Baht)* Fiscal year ending 31 December 2018
1. Mr. Viyavood Sincharoenkul	804,000
2. Mr. Chaiyos Sincharoenkul	600,000
3. Mr. Kitichai Sincharoenkul	600,000
4. Mr. Paul Sumade Lee	600,000
5. Mr. Veerasith Sinchareonkul	600,000
6. Mr. Patrawut Panitkul	600,000
7. Mr. Li Shiqiang	600,000
8. Mr. Chalernpop Khanjan	600,000
9. Mr. Prakob Visitkitjakarn	936,000
10. Mr. Kriang Yanyongdilok	744,000
11. Mr. Samacha Potavorn	744,000
12. Ms. Anusra Chittmittrapap	600,000

Note*: This remuneration is compensation only for the services rendered as directors and members of the Audit Committee of STA and does include compensation for services rendered as members of the other committees of STA.

(2) Remuneration of the Directors and Executive Officers

For the fiscal year ending 31 December 2018, STA paid the remuneration to the Executive Directors and Executive Officers, totaling 20 persons, in the amount of Baht 157.24 million. Such remuneration was in the form of salary, bonus and other compensation comprising benefits in kind and compensation that has already been paid, which includes any deferred compensation accrued for the financial year in question and payable at a later date including bonus or profit-sharing scheme or any other profit-linked agreements or arrangements.

Sri Trang International Pte. Ltd. has entered into employment agreements with 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, 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
- reimbursements of all reasonable business expenses incurred or paid for during the term of employment, in connection with the performance of their duties to Sri Trang 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").

(3) Other Remuneration

In 2018, the Company has paid contributions to the employee provident fund for the Board of Directors and Executive Officers in the following amount:

	Total list (Person)	Amount (Baht)
Contributions to employee provident fund	14	2,883,384

Employees' Retirement Benefits

STA provides employees' retirement benefits to employees in accordance with Thai labor laws. Such benefits that each employee is entitled to depend on the salary base and the number of years that the employee has been working for STA 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. Mr. Viyavood Sincharoenkul	Chairman and Managing Director	27 December 1993	26 April 2018
2. Mr. Chaiyos Sincharoenkul	Director	27 December 1993	28 April 2016
3. Mr. Kitichai Sincharoenkul	Director and Group Manager of Legal and Administration	10 April 1995	25 April 2017
4. Mr. Paul Sumade Lee	Director and Chief Marketing Officer	28 June 2010	26 April 2018
5. Mr. Veerasith Sinchareonkul	Director	28 April 2010	26 April 2018
6. Mr. Patrawut Panitkul	Director and CFO – Natural Rubber Business	29 April 2014	25 April 2017
7. Mr. Li Shiqiang	Director	29 April 2014	25 April 2017
8. Mr. Chalernpop Khanjan	Director and Chief Operating Officer	29 October 2015	28 April 2016
9. Mr. Prakob Visitkitjakarn	Vice Chairman, Independent Director, and Chairman of the Audit Committee	27 December 1993	26 April 2018
10. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee	25 January 2000	28 April 2016
11. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee	1 February 2008	25 April 2017
12. Ms. Anusara Chittmittrapap	Independent Director	21 September 2017	21 September 2017

GOOD CORPORATE GOVERNANCE

“ To be an operation
reasonably based on
of integrity, transparency
and ethical ”



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 2017. 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

STA has established and reviewed principles for good corporate governance in accordance with the Principle of Good Corporate Governance for Listed Companies 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:

1. 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 safe keep 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.

STA has a policy to promote and facilitate shareholders, including institutional investors, to attend the shareholders' meeting. STA gives shareholders the opportunity to submit documents to attend the meeting in advance of the meeting date to reduce the term. Time for checking documents on the meeting date and STA organizing registration channels at the meeting place for shareholders, natural persons and institutional investors. The barcode (Barcode) used in the registration and voting process to allow registration and voting process. More quickly and have stamp duty checks for shareholders to appoint proxies.

(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.sriranggroup.com and the website of the SGX-ST at www.sgx.com ("SGXNET") in advance approximately 28 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 Nomination 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.

2. Fair Treatment of Shareholders

STA has the policies of fair and equitable treatment to all groups of shareholders including institutional investors, foreign investors, and retail shareholders.

(1) The shareholders' meeting shall be held in accordance with the agenda mentioned in the invitation to shareholders' meeting. 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) 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 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 announced on SET and SGX's websites and posted on the website of STA at www.sritranggroup.com and on SGXNET.

(4) The policy regarding the monitoring of the use of insider information has been established for strict compliance by personnel at all levels.

(5) Directors, executives and related persons as stated in Section 89/1, the Securities and Exchange Act B.E. 2535, must report changes in securities holding of STA to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the first day that securities holding changes. They must also provide a copy of such report to the Company Secretary in order to gather, submit a summary and propose to the Board of Directors' meeting quarterly.

(6) STA establishes the silent period policy to abstain from securities trading 30 days before the announcement to the Stock Exchange of Thailand and at least 24-48 hours for directors and executives, as the SEC's prescribed, to strictly comply with.

(7) Directors and executives are required to report their conflict of interests including their related persons at the first time for newly nominated directors and executives and if any changes during his/her position as well as at the end of each year by assigning Company Secretary to keep the report. If there is any conflict of interest found, Company Secretary shall report to the Chairman of the Board and the Chairman of Audit Committee to acknowledge.

(8) 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.

(9) 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.

(10) STA has established a channel of communication for minority shareholders to directly access information on various issues e.g. the activities of the Board of Directors, supervision and monitoring of the operation, and auditing through the email address of the independent directors.

Furthermore, minority shareholders may directly seek information from the Company Secretary of STA and the Investor Relations Office as following details:

- The Audit Committee,
E-Mail Address: auditcommittee@sritranggroup.com
- The Company Secretary,
E-Mail Address: corporatesecretary@sritranggroup.com
- The Investor Relations Office,
E-Mail Address: ir@sritranggroup.com
- Phone number 02-207-4590

3. Role of Stakeholders

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

STA is aware of the principles and standards on human rights. As such, STA has established human rights and non-discrimination policy focusing on the equitable treatment to all stakeholders. Such policy was disseminated to all employees for their adherence. On 21st October 2018, STA was certified to be a member of Thailand's Private Sector Collective Action against Corruption (CAC), which has reinforced our business morale on corporate governance for sustainable growth.

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 annual health checkup, 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 or upon their resignation from provident fund according to their entitlement except for cases where the terminations are not eligible to the compensations.

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
- The Company Secretary,
E-Mail Address: corporatesecretary@sritranggroup.com
- The Investor Relations Office,
E-Mail Address: ir@sritranggroup.com
- Phone number 02-207-4590

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 procurement 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 equal and transparent 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 minimize the impact on society, the environment and people's quality of life to the greatest possible extent. As such, STA supports activities in the neighborhood community of the factories by providing the most efficient management of safety and environment. 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. Additionally, the Company has prepared Sustainability Report to communicate the Company's operation in materiality matters to all stakeholders.

4. 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 management discussion and analysis on a quarterly basis via 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) The Board of Directors of STA has a duty to provide management discussion and analysis and report risk factors, types of risk, the cause and impact of risk upon the business operation of STA, competitions, market share, business structure, and dividend policy through the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

(16) STA provides various communication channels such as website, annual report, sustainability report, analyst meeting so that shareholders or investors can easily access company information thoroughly and equally.

(17) 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 www.sritranggroup.com

5. Responsibility of the Board of Directors

(1) The Structure of the Board of Directors

The Board of Directors of STA, consisting of directors who have knowledge, competence, profession or expertise in various areas dedicating their experiences 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.

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 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

To comply with good corporate governance, the Board of Directors of STA has appointed five sub-committees namely the Audit Committee, the Executive Committee, the Remuneration Committee, the Nomination Committee, and the Risk Management Committee to scrutinize specific matters thoroughly and effectively.

(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 by December each year in advance and notified to all directors for their acknowledgement on yearly basis. A meeting notice will be delivered to directors at least seven days prior to the date of the meeting, except in the case where it is necessary or urgent to preserve the rights and benefits of STA. At each meeting, the agenda items of the meeting must be clearly specified and supported by complete and sufficient documents, and must be delivered to the directors in advance so that the directors will have sufficient time to study such information prior to the meeting. At the meeting, each director is allowed to openly discuss and express his/her opinion. In addition, at the meeting of the Board of Directors, the senior executives will be invited to participate in order to provide additional details of information on such matters in which they are directly involved. 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. The management provides information requested by the Board promptly and keeps the Board informed of all material events and transactions as they occur. The Board has separate and independent access to senior management and the Company Secretary at all times.

The Directors may, in fulfilling their duties, as a group or individually, when necessary, direct the Company to appoint external professionals to render advice. The Company Secretary is responsible for advising the Board of Directors on compliance with legal and regulatory requirements.

5) Remuneration

The director remuneration policy has been clearly and transparently established by the Board of Directors by delegating the Nomination and Remuneration Committee to consider and review the appropriateness.

• The Remuneration of Directors Policy

The Board of Directors defined the director remuneration policy. The remuneration is specified annually to the Chairman of the Board of Directors, Executive Directors, Non-Executive Directors, the Chairman of Audit Committee, and Audit Committee Members with no additional meeting allowance. In this regard, the Remuneration Committee has a duty to propose a framework and criteria of remuneration for the Directors to the Board of Directors' meeting to agree with before proposing to the Shareholders' meeting to approve. The remuneration is considered based on the Company's performance, the director's responsibility and compared with the other listed companies in SET that have similar market capitalization as well as other listed companies in the same industry. This shall support the remuneration structure to be appropriate for the perseverance, responsibilities, and experiences of Directors that shall lead the Company to be achieve in both short-term and long-term goals. In addition, the remuneration will be disclosed in the Company's annual report.

• The Remuneration of Management Policy

The CEO, as a representative of the Board of Director, shall consider the management remuneration policy. Such remuneration will be appropriately considered based on the remuneration structure of the Company comparing to remuneration information surveyed by recognized institutes, organizations and entities as well as the inflation together, including performance and consistency with the duties and responsibilities assigned.

(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 related laws and regulations.

The Board of Directors has a policy to enhance and accommodate the provision of training on good corporate governance. Regular and continuous training programs are provided to directors so that they can improve their knowledge. 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. relevant specific area to enable them to discharge their duties with due care and loyalty.

The Board of Directors of STA has paid attention to Directors and Executives development by having a policy to encourage at least one person of Directors, Executives, or Company Secretary to have training and knowledge development on a yearly basis. This helps broaden their perspectives benefit for STA's business. In 2018. STA's directors and managements attended training courses as below:

Name of Director/ Executive	Position	Training Courses	Organized by	Training Date
Mr. Veerasith Sinchareonkul	Director	C-TALK: Putting Digital Transformation to Work	Digital IQ Company Limited	10 September 2018
		Inaugural Corporate Governance Conference 2018 "Building Trust in Transforming Economy"	SEC	10 September 2018
Mr. Patrawut Panitkul	Director and CFO-Natural Rubber Business	Financial Instruments for Non-Financial Institutions	NYC Management Company Limited	26 and 28 June 2018
Mr. Chalernpop Khanjan	Director	Company Innovation Capability	National Innovation Agency (Public Organization)	Every Thursday of November 2018 - January 2019
Mr. Prakob Visitkitjakarn	Director	Value Creation through Digital Transformation	Metro Systems Corporation Limited Public Company Limited	22 May 2018
Ms. Thanawan Sa-ngiamsak	VP of Business Development and CFO – Gloves Business	The impact of financial reporting standards is not related to revenue from contracts made with customers (TFRS 15) and lease agreements (TFRS 16) on the preparation of financial reports of listed companies.	SET	14 -15 September 2018
		New Due Diligence Guidelines		6 February 2018
		The effect of changing in accounting standards	Investment Banking Club - Association Thai Securities Company	29 August 2018
		Crypto Currency and ICOs: Opportunities & Challenges		26 November 2018
Mrs. Pacharin Anuwongwattanachai	Company Secretary	Good IT Governance : Risk Management and Data Responsibility	SEC	23 May 2018
		Legal Acts and Commercial Contract	Training company and Dharmniti Seminar Co., Ltd.	24 September 2018
		Financial Reporting Standards TFRS15 Recognition Income that is applied to contracts made with all types of customers		15 November 2018

(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. Four 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 Nomination Committee, the Remuneration Committee, and the Risk Management Committee)
- Chief Executive Officer (CEO) Assessment Form

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

- Greater than or equal to 90% = Excellent
- Greater than or equal to 80% = Very good
- Greater than or equal to 70% = Good
- Greater than or equal to 60% = Fair
- Less than 50% = Poor

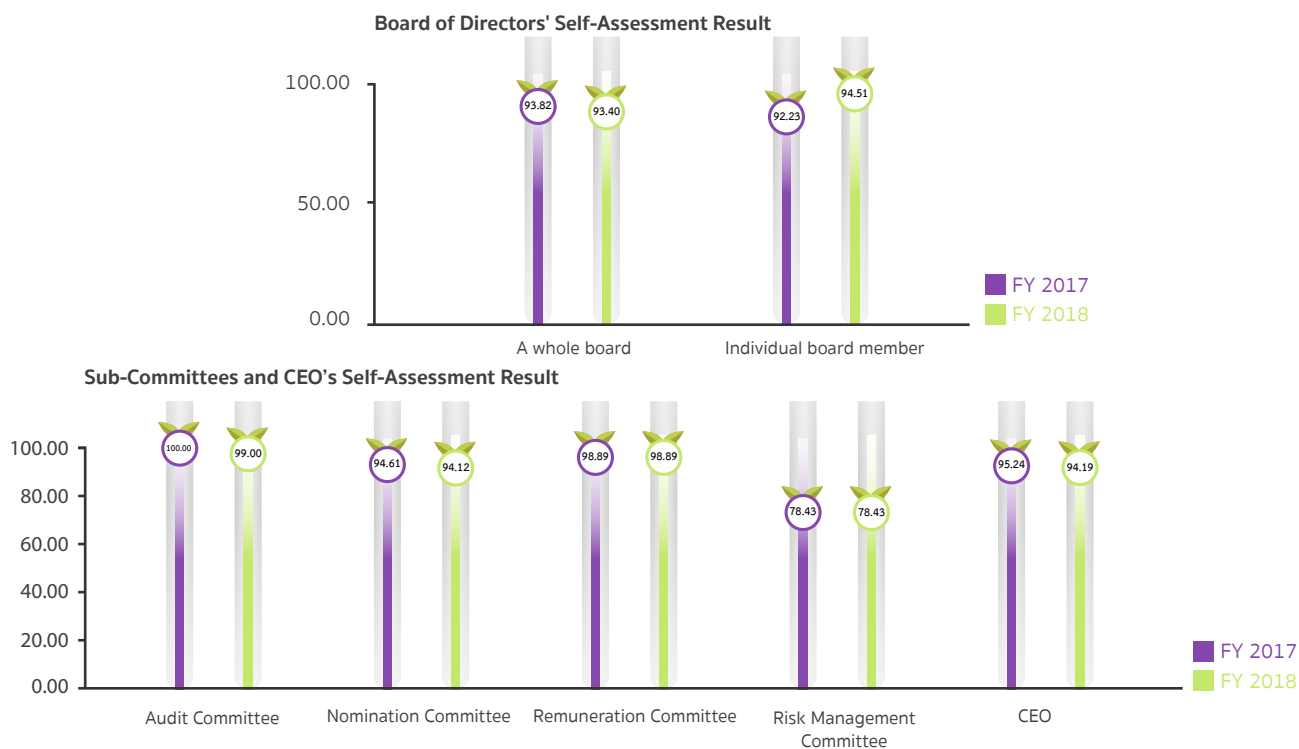
The assessment process can be summarised as follows:

The Company Secretary is to prepare and review 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 Executive Officers.
2. Responsibility on their decisions and actions, 2) the effective performance of their duties, 3) fair and 4) 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. Individual Sub-committee Assessment Form (Assessment of the Sub-committee as a whole) consists of 3 areas; the structure of the sub-committees, effectively carry out duties during meetings and duties and responsibilities of the sub-committees.
4. Strategic planning, 3) strategy implementation, 4) financial planning and operating results, 5) relationship with the Board of Directors, 6) relationship with external party, 7) management skill and relationship with employees, 8) successor plan, 9) knowledge of products and services, and 10) personal character.

The assessment results can be summarised as follows:



(8) Director Selection

For the director selection, the Board of Directors defines the qualification of director candidates to harmonize with STA's strategy in business operation by considering the composition based on the board diversity, including knowledge, skills, experiences, ages, and genders of Directors. Additionally, STA shall adopt the director pool database prepared by the Thai Institute of Directors Association in the director selection process to ensure that a candidate for being a director or an executive is qualified and independent as well as has proper experience before proposing the Board of Directors or shareholders to consider to appoint. Anyhow, the Board of Directors shall consider the appointment of a director in replacement of the resigned director with the remaining term in office. For a new director and/or a director who completes his/her term in office shall be appointed by the shareholders.

Inside information policy

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

1. *Educate the directors and executives of each department* regarding their duties to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC and the SET, as the case may be, including the applicable penalty in the case of breach according to the SEC Act and the regulations of the SET.

2. *Arrange for the directors and executives of STA and their spouses and minor-children* to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC pursuant to Section 59 of the SEC Act and deliver copies of such documents to STA on the same day.

3. *The directors and executives of STA and its subsidiaries* who know material inside information affecting changes in securities price, must be cautious in the trading of securities of STA within one month prior to the time when the financial statement or such inside information is disclosed to the public. Moreover, within 24 hours after such inside information has been disclosed to the public, no person involved with such inside information shall disclose any inside information to any person before such inside information has been notified to the SET and/or SGX-ST. Regarding penalty measures in the case of a violation of the above-mentioned regulations, the Group deems such violation as warranting a disciplinary penalty according to the working rules of the Group.

4. *The directors, executives, staff members and employees of STA* shall not, whether directly or indirectly, purchase or sell, offer to purchase or sell or invite any other person to purchase, sell or offer to purchase or sell shares or other securities (if any) of STA by using inside information which has or may have an impact on the change of the price of STA securities and has not been disclosed to the public, in a manner that may directly or indirectly cause damage to STA and whether or not such act is done for their own or another person's benefit, or to disclose such information so that they will receive consideration from the person who engages in the aforementioned acts.

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

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 the management 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 2018, there was no weakness in the internal control system which will materially affect the financial statements of the Company. The following is a summary of the internal control and risk management system of the Company:

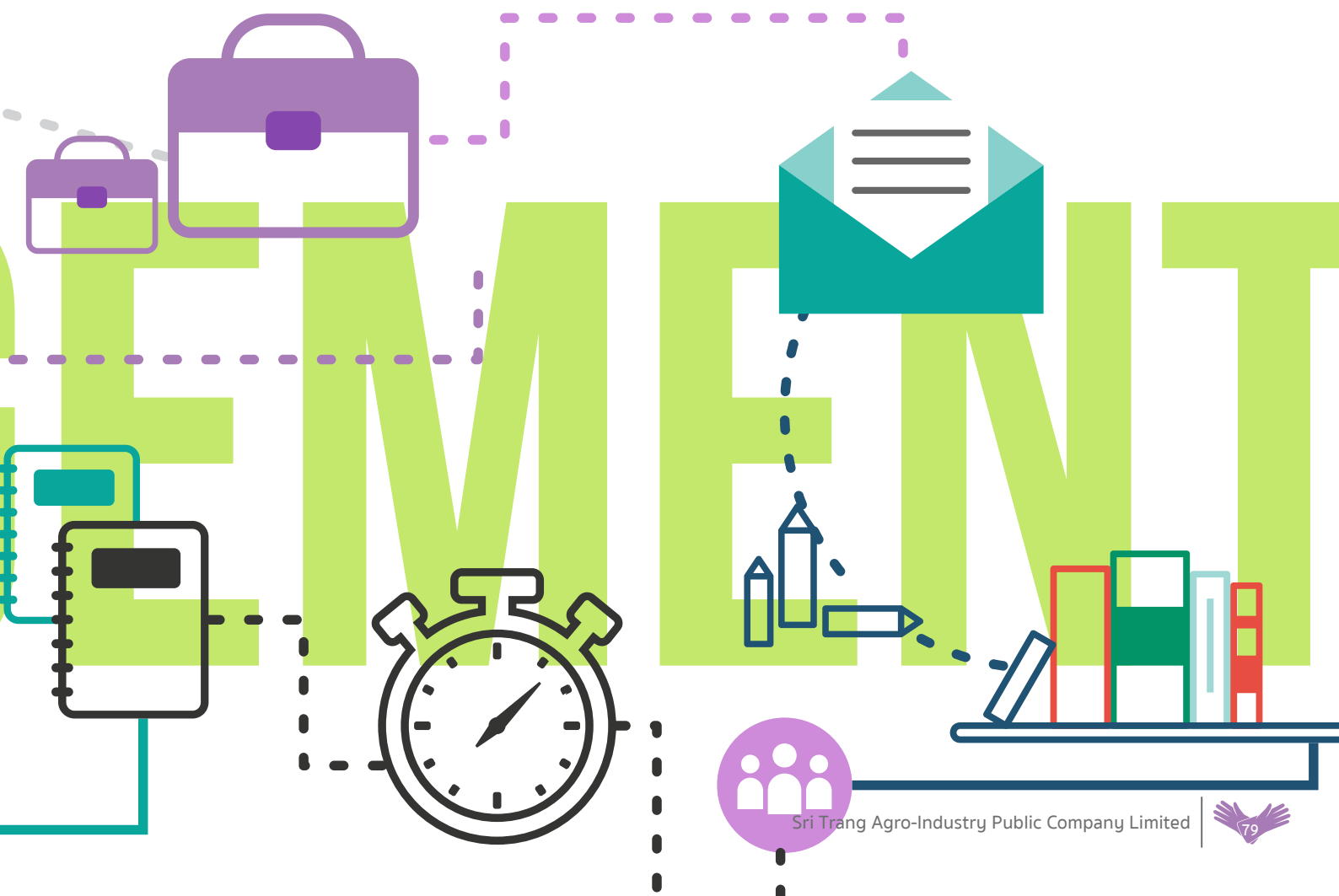


Audit Committee:

The Audit Committee responsibility is to consider the sufficiency of the Company's internal control system by continuously reviewing the performance of the Internal Audit Department and the independent auditor. The Audit Committee emphasizes the sufficiency and adequacy of the internal control system and ensures that all operations have complied with the laws, rules, regulations and other relevant policies. 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 makes 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.

The Company has committed to conduct auditable business properly, transparency, fairly in compliance with Good Corporate Governances and expects all groups of stakeholders are able to report some events which may conflict with such Good Corporate Governances for the improvement and correctness further. The Company therefore has placed the Whistleblowing Policy and defined the Whistleblowing channels for all stakeholders to report invalid or inappropriate action which may cause the damage to the Company including protective measures for claimer who is in good faith.

In 2017, The Company had declared the intention again to join Thailand's Private Sector then the Company had submitted the self-evaluation form on anti-corruption measures for CAC Certification. On August 21, 2018, the CAC Board approved the certification of Sri Trang Agro-Industry Plc. as a member of the CAC which the certificate has been valid for three years since the date of the granted certification.

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. The Board of Directors also consider internal and external circumstance that may cause business at risk and negative impacts, therefore continuous risk assessment and monitoring are required. In addition, there is a regular management meeting to evaluate the current situation and select appropriate strategies to cope with any possible risks.

Control:

The Company clearly determines measures and implementation plans by issuing orders, rules, approval authority, and working procedures for the management and all employees.

Information and Communication:

The Company has various communication networks, via both the Internet and its Intranet. The Internet is a communications channel between the Company and stakeholders such as shareholders, investors, and other external parties. For internal communication within the Group, the Intranet is the key method for correspondence. This ensures efficiency and accuracy of information, and that information is delivered in time to all related parties.

Monitoring and Evaluation Systems:

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

Risk Reporting:

Daily reports setting out the aggregate amount and cost of raw materials purchased are generated by Procurement Center. 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:

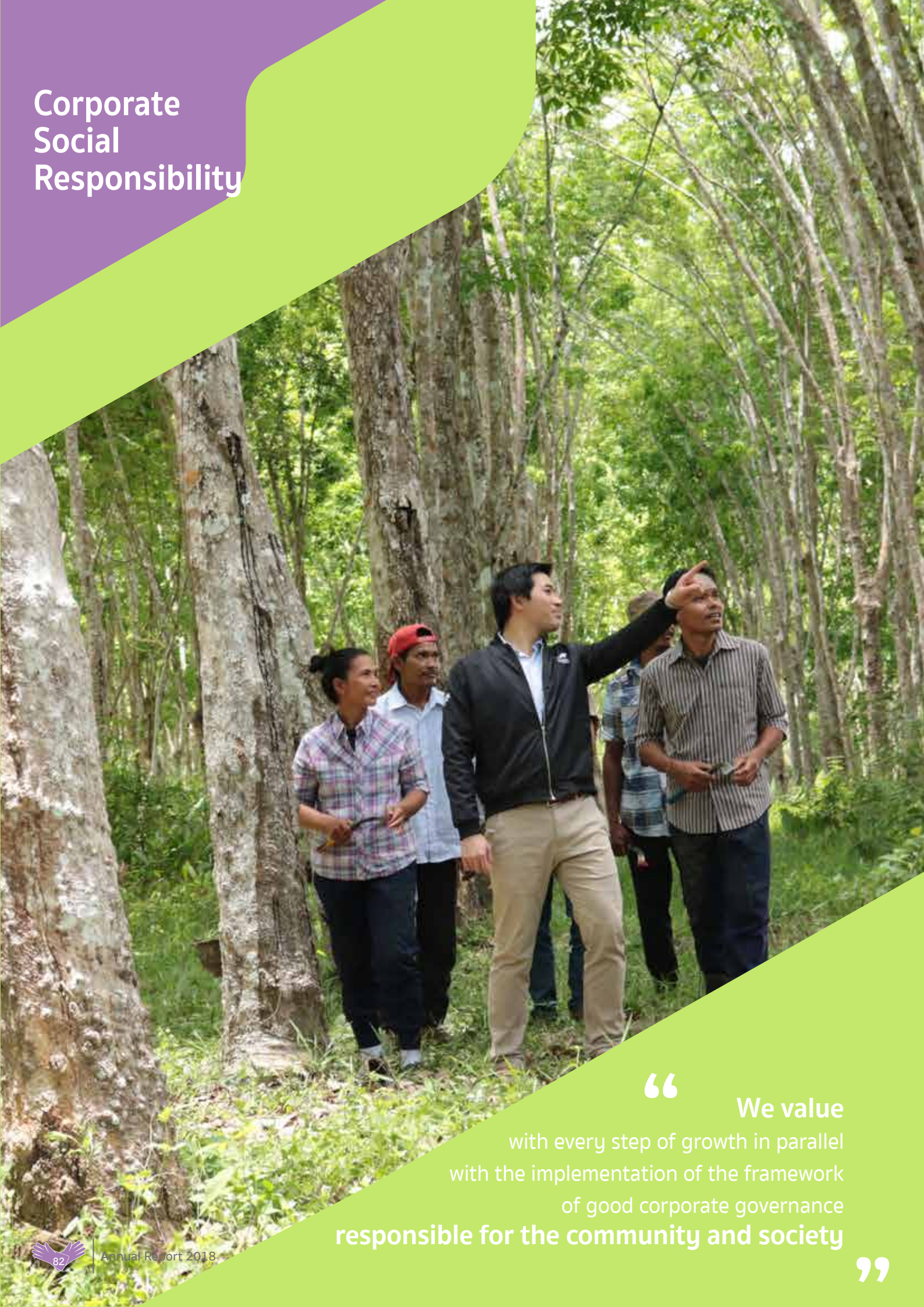
The factory managers have to set a meeting with the procurement department, marketing department, and logistic department at least once a month, to prepare the budget (including the targeted monthly production capacities for each of the Company's processing facilities as well as the sales targets for the month). These targets are set after taking into account several factors such as the estimated effective production capacity at each of the processing facilities, the supply of raw materials that the Company is able to acquire, demand and price in the global market, 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 marketing department, procurement department, and production department etc.

Following the meeting of the STA Board of Directors no. 1/2019, on 28 February 2019, 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 control environment, risk management assessment, control of the operation of the management activities, information and communication, and monitoring system activities.

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 the Corporate Governance Policy 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. 1/2019, on 27 February 2019, 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.



“ We value
with every step of growth in parallel
with the implementation of the framework
of good corporate governance
responsible for the community and society

”

Throughout three decades

That Sri Trang Group has been operating, the Company has placed importance to every step of our business growth along with promoting economically, socially and environmentally care through various projects and social activities. The Company has realized and placed importance to produce quality products with the environmentally-friendly production process, together with promoting a fair system for raw material procurement and maintaining a well-accepted and trusted trading standard for farmers, suppliers, and clients. In addition, we have realized all dimensions of an impact which may affect stakeholders, including shareholders, employees, clients, trade partners, communities, and government agencies. Besides, the Company listens to communities and employees in order to improve the organization. We strive to building perception and corporate culture so that our employees as part of Sri Trang family can share social responsibility with the society where they live. More importantly, we always adjust our strategy and develop our business operation towards the changed circumstance to become the sustainable rubber producer in the industry.

In addition, in 2018, the company has prepared a sustainability report according to eight principles of social responsibility of the Stock Exchange of Thailand and guidelines for reporting according to the GRI Standards. The reporting period from 1 January 2018 - 31 December 2018. The content covers the evaluation of important issues for the sustainability of the Sri Trang Group, stakeholders management guidelines, economic, social and environmental performance. In the year 2018, the Company evaluated the response to the Sustainable Development Goals (SDGs) of 13 goals from the organization's operation as well.

Materiality Issues

In order to ensure the economic, social and environmental operations of the company achieving the sustainable development goals, measurable and responding to the expectations of stakeholders appropriately. The Company assess and prioritize important issues affecting the Company business by various related department. In order to be able to find guidelines and plan for management appropriately by applying the principles of determining the content of GRI Standard.

Important issues from analysis and ranking passed verified by the working group then presented to the Board of Directors for consideration and approval to publish in the 2018 Sustainability Report. The important issues from the Materiality Matrix are:



Economics

- Strengthen and develop relationship with traders and business partners in all aspects sustainably;
- Participate in developing a sustainable growth of natural rubber industry with trade partners, government agencies, related private sectors, and rubber farmers;
- Promote a free trade of raw material supply with transparent and trustful information;
- Promote cooperative and community business in order to increase the flow of economy and job creation in the vicinity where our processing facilities are located;
- Strengthen the overall economy by driving sustainable rubber industry

As a result of these, in 2018, STA attained SET Sustainability Awards (Rising Star), Thailand Sustainability Investment 2018 called 'THSI' or 'Sustainable Stocks' awarded by the Stock Exchange of Thailand for four consecutive years; moreover, STA was selected to be part of the SET THSI index as a sustainable company, in the list of 45 stocks, in the SETTHSI index as a listed company with outstanding performance on Environmental, Social and Governance (ESG) aspects.



STA built confidence in Thailand Focus 2018, held under the theme "The Future is Now," August 2018



STA ได้รับรองเข้าเป็นแนวร่วมปฏิบัติของภาคเอกชนไทยในการต่อต้านทุจริต (CAC)



Money & Banking Magazine, December 2018



December 2018



Bangkok Post, 29 November 18



Social

Children and youth aspect



Career development and well-being aspect

- Project to enhance good water standard and relationship with communities: The Company dug wells to collect rain water for production usage. Moreover, in these wells, the Company released fish to be a measure of water quality and open employees and communities to do fishing for cooking and selling.

• Soil Fertility Project:

Sludge processing activity is an organic fertilizer to the community, from the cooperation between the Company and agricultural extension specialists specializing in Plant Protection Group, Pattani Provincial Agriculture Office. The sludge used for fertilizer production has been analyzed and found that there is no contamination of harmful heavy metals



Culture and local traditions aspect

The Company has provided support to local culture in every community where the Company's operation in order to preserve culture.

Sports aspect

The Company believed that sports encouragement is a way to improve the society. The Company has support such activities by providing budget, sports equipment, and participating in sporting events of community and others agencies.

Health aspect

The Company considered the health and safety of people in the community and society. Thus, Sri Trang Gloves (Thailand) Company Limited has delivered care by supporting medical gloves for community and various agencies for using in to protect every touch of life.





Environment

According to the social responsibility policy, "Environmental friendly," which not only implements environmental management system within the Company, but the Company also gives importance to conservation and take care of the environment in communities and society through environmental programs and activities with various agencies as follows:

- To release aquatic animals to nature in order to help restore ecosystem, food chains, and maintain natural abundance.
- Expand green area
- Srirang's volunteer
- The project "Bun-Took-Yang Tid-Rang Srang-Roi-Yim" to encourage suppliers, rubber farmers, and truck owners to deliver rubber to the Company's factories with good practice. This helps prevent the serum from the cup lump leaking onto roads during driving to the Company's factories. In 2018, all nine pilot factories showed the success rate of the vehicles passing this standard at 93% which considered that suppliers has gave good cooperation to this project.
- Providing education how to produce good quality of cup lump to promote and support farmers to produce quality rubber without impurities, using the right coagulation, safe and reduce environmental impact which will lead to the better quality of life and well-being.

The details of social responsibility operations More information can be found in the 2018 Sustainability Report, which has been disclosed on the STA website www.sriranggroup.com. Under the theme of sustainable development.



CAPITAL STRUCTURE

Information on Share Capital and Shareholding of STA

as of 1 February 2019

Share Capital

Authorised Share Capital : 1,535,999,998 Baht

Issued and fully paid-up Share Capital : 1,535,999,998 Baht

(representing 1,535,999,998 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 1 February 2019

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 999	1,817	17.8	521,812	0.03
1,000 – 10,000	5,391	52.85	22,012,23	1.43
10,001 – 1,000,000	2,877	28.21	198,780,937	12.94
1,000,001 – 10,000,000	93	0.91	304,999,534	19.86
10,000,001 – less than 5% of paid-up share capital	19	0.19	377,337,061	24.57
More than 5% of paid-up share capital	3	0.03	632,348,422	41.17
Total	10,200	100.00	1,535,999,998	100.00

Note: Includes shareholders holding through CDP

Free Float

Based on information available to the Company, approximately 54.64% of the Company's shares are held in the hands of the public as of 1 February 2019.

Top Ten Largest Shareholders of STA

Top ten largest shareholders¹ of STA as of 1 February 2019, are as follows:

order	Name	No. of Shares	%
1	Sincharoenkul family ²	348,143,292	22.67
2	STH	343,790,629	22.38
3	Thai NVDR Co., Ltd	123,845,784	8.06
4	CITIBANK NOMS SPORE PTE LTD	40,886,500	2.66
5	Thai R.T.N. Holding Co., Ltd.	35,300,000	2.30
6	CITIGROUP GLOBAL MARKETS LIMITED-PB CLIENT-NRBS COLLATERAL	26,378,735	1.72
7	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	25,653,739	1.67
8	UOB KAY HIAN PRIVATE LIMITED	22,338,090	1.45
9	Ms. Suwanna Kovitsophon	17,100,000	1.11
10	STATE STREET EUROPE LIMITED	16,956,443	1.10
Total		1,000,353,212	65.13

Note:

1) Information obtained from TSD and CDP

2) Details of shareholding of Sincharoenkul family;

order	Name	No. of Shares	%
1	Mr. Viyavood Sincharoenkul	164,712,009	10.72
2	Ms. Lee Joyce Shing Yu	33,174,890	2.16
3	Mr. Veerasith Sinchareonkul	27,671,747	1.80
4	Mr. Vitanath Sincharoenkul	27,154,000	1.77
5	Mr. Vitchaphol Sincharoenkul	19,300,000	1.26
6	Mr. Kitichai Sincharoenkul	14,502,340	0.94
7	Mrs. Voradi Sincharoenkul	13,636,264	0.89
8	Mrs. Promsuk Sinchareonkul	11,200,000	0.73
9	Mr. Paul Sumade Lee	10,814,399	0.70
10	Mr. Somwang Sincharoenkul	5,913,305	0.38
11	Mr. Boonyachon Sincharoenkul	5,562,580	0.36
12	Ms. Navara Sincharoenkul	4,564,000	0.30
13	Ms. Vannisa Sincharoenkul	3,948,694	0.26
14	Mrs. Vanida Sincharoenkul	3,941,744	0.26
15	Mrs. Duangjai Sincharoenkul	1,950,000	0.13
16	Ms. Punchita Rojjanaphatranan	97,320	0.01
Total		348,143,292	22.67

There is no acting in concert person and no person who is specified under section 258 of the SEC Act.

3) STA has no shareholding agreement between major share holders affected issuing and offering securities or management of STA.

Interest of Directors and Executives

As of 31 December 2018, 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 2018	Number of Shares on 31 December 2018	Increase (decrease) during Year of 2018	Percentage of Shares on 31 December 2018 (%)
Mr. Viyavood Sincharoenkul Spouse and minor child	Chairman and Managing Director	164,712,009 10,950,000	164,712,009 11,200,000	- 250,000	10.723% 0.729%
Mr. Chaiyos Sincharoenkul Spouse and minor child	Director	8,997,521 -	8,997,521 -	- -	0.586% -
Mr. Kitichai Sincharoenkul Spouse and minor child	Director and Group Manager of Legal & Administration	15,632,440 3,941,744	14,462,340 3,941,744	(1,170,100) -	0.942% 0.257%
Mr. Paul Sumade Lee Spouse and minor child	Director and Chief Marketing Officer	10,814,399 33,174,890	10,814,399 33,174,890	- -	0.704% 2.160%
Mr. Veerasith Sinchareonkul Spouse and minor child	Director	27,671,747 97,320	27,671,747 97,320	- -	1.802% 0.006%
Mr. Patrawut Panitkul Spouse and minor child	Director and CFO – Natural Rubber Business	-	-	-	-
Mr. Li Shiqiang Spouse and minor child	Director	1,907,300 -	2,000,000 -	92,700 -	0.130% -
Mr. Chalernpop Khanjan Spouse and minor child	Director and Chief Operating Officer	-	-	-	-
Mr. Prakob Visitkitjakarn Spouse and minor child	Vice Chairman, Chairman of Audit Committee, and Independent Director	539,910 21,528	539,910 21,528	- -	0.035% 0.001%
Mr. Kriang Yanyongdilok Spouse and minor child	Audit Committee Member and Independent Director	-	-	-	-

Name	Position	Number of Shares on 1 January 2018	Number of Shares on 31 December 2018	Increase (decrease) during Year of 2018	Percentage of Shares on 31 December 2018 (%)
Mr. Samacha Potavorn Spouse and minor child	Audit Committee Member and Independent Director	-	-	-	-
Ms. Anusra Chittmittrapap Spouse and minor child	Independent Director	-	-	-	-
Mrs. Prapai Srisutipong Spouse and minor child	Group Manager of Procurement	312,600 -	312,600 -	- -	0.020% -
Mr. Arsom Aksornnam Spouse and minor child	Group Manager of Production	- 3,500	- 3,500	- -	- 0.0002%
Mr. Chaidet Pruksanusak Spouse and minor child	Group Manager of Quality Assurance	-	-	-	-
Mr. Rattapong Laparojkit Spouse and minor child	Group Manager of Technical	72,600 -	72,600 -	- -	0.005% -
Mr. Phanlert Wangsuphadilok Spouse and minor child	Group Manager of Technical	-	-	-	-
Mr. Udom Pruksanusak Spouse and minor child	CEO - Plantation	12,000 -	12,000 -	- -	0.001% -
Ms. Nuchanart Chaiyarat Spouse and minor child	Group Manager of Human Resource	-	-	-	-
Ms. Thanawan Sa-ngiamsak Spouse and minor child	VP Business Development & CFO – Gloves Business	-	-	-	-
Total		278,861,508	278,034,108	(827,400)	18.101%

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 31 December 2018, there were 1 series-- 2 tranches --STA outstanding debentures, totaling principal of Baht 2,265,000,000. The details of debenture of Sri Trang - Agro Industry Public Company Limited no. 1/2016 are as follows:

	Tranch 1	Tranch 2
Offering to	Institutional and High Net Worth Investors	
Type of Debentures	Unsubordinated and unsecured debentures without a debenture holders' representative	
Principal amount of Debentures	Baht 810,000,000	Baht 1,455,000,000
Interest rate	Fixed interest rate at 2.55% per annum	Fixed interest rate at 3.10% per annum
Interest Payable	Semiannually	Semiannually
Term	3 years	5 years
Maturity Date	18 May 2019	18 May 2021
Credit Rating	A- / Stable by Tris Rating Co., Ltd.	A- / Stable by Tris Rating Co., Ltd.

On 26 October 2018, Tris Rating Co., Ltd. assigned BBB+ / Stable rating for STA and the issued debentures.

Dividend Policy



Dividend Policy of STA

STA has the policy to pay dividends of approximately 30% of net profits as reported in the stand-alone financial statements of each financial year, but not in excess of retained earnings. In determining the amount of each dividend payment, the Board of Directors considers a range of factors, including the financial position, operating results and cash flows of STA; the ability of the subsidiaries, associates and joint venture entities to make dividend payments to STA; the expected working capital required to support STA's future growth plan as well as the overall economic climate and other external factors that the Board believes could potentially have an impact on the business operations of STA.

Dividend Policy of the Subsidiaries

Dividend payments by the subsidiaries are approved by the Board of Directors of each subsidiary and must then be approved by the shareholders during the shareholders' meeting. In determining the amount of dividends to be paid, the Board of each subsidiary considers the operating results, financial position and capital requirements of each subsidiary. Payments must also be made in compliance with the Articles of Association and other constitutional documents of each subsidiary.

RELATED PARTY 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 2017 and 31 December 2018 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 2017	Consolidated Jan-Dec 2018		
1. Pruksa Rubber Co., Ltd.	The Executives officer of STA, Mr.Udom Pruksanusak and siblings, hold more than 50% of the shares in Pruksa Rubber Co.,Ltd. Mr.Udom Pruksanusak is the authorized signatory of Pruksa Rubber Co.,Ltd.	1.1 STA -Sales of field latex	3.74	1.60	STA sold field latex to Pruksa Rubber Co., Ltd. because STA did not have in-house logistic service team, and Pruksa 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 as 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 Pruksa Rubber Co., Ltd. at the reasonable price set by STA procurement team.
		• The purchase of field latex	-	44.35	STA purchased field latex from Pruksa Rubber Co., Ltd. because the rubber plantations of Pruksa Rubber Co., Ltd. were located close to the factory and the purchasing center of STA. Moreover, Pruksa Rubber Co., Ltd. was capable to supply rubber of the quality and quantity as required by STA. The purchasing price of the field latex was at the price that the Group made an announcement to general suppliers in front of its factory.	STA required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement
		1.2 Nam Hua Rubber Co.,Ltd. (NHR) • The purchase of field latex	46.27	2.22	Nam Hua Rubber purchased field latex from Pruksa Rubber Co., Ltd. because the rubber plantations of Pruksa Rubber Co., Ltd. were located close to the factory and the purchasing center of Nam Hua Rubber. Moreover, Pruksa 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.
		1.3 Startex Rubber • Sales of field latex	0.95	0.51	Startex Rubber sold field latex to Pruksa Rubber Co., Ltd. The selling price was based on market price.	The selling price that Startex Rubber sold field latex to Pruksa Rubber Co., Ltd. was based on market price similar to other customers.
2. Mr. Somwang Sincharoenkul	Father of • Mr. Viyavood Sincharoenkul, Major shareholder, Chairman and Managing Director of STA • Mr. Kitichai Sincharoenkul, Director of STA; and • Mr. Paul Sumade Lee, Director of STA Grandfather of • Mr. Veerasith Sincharoenkul, Director of STA	Honorary Adviser	5.14	5.14	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 2016 to May 2018.	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.

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 2017	Consolidated Jan-Dec 2018		
3. The Board of Director of STA and subsidiaries consists of: • Dr.Viyavood Sincharoenkul • Mr.Kitichai Sincharoenkul • Mr.Chaiyos Sincharoenkul	Directors of STA and the subsidiaries	Personal guarantees have been provided on the loans that have been extended to subsidiaries by financial institutions. (Total loan amount guaranteed By the director)	267.00	267.00	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.
4. Thaikong PCL.	The CEO of STA , Dr. Viyavood Sincharoenkul, Major shareholder of Thaikong PCL.	4.1 STA • Sales of latex	-	170.42	STA sells of latex to Thaikong PCL. by determining the selling price according to the market price.	Latex price that STA Selling to Thai Kong PCL. is the selling price based on the market price that is comparable to the price of latex announced by the Rubber Authority of Thailand (RAOT) and Malaysian Rubber Board (MRB).
		• Purchases of Glove	-	170.74	Because the company has a Purchase Gloves Contract from Thaikong PCL. Which is a manufacturer of rubber gloves that can produce quality products and Meets the needs of customers of the company. Including reducing the risk of product procurement and The purchase price is comparable to the market price from other glove manufacturers.	The purchase of gloves has a sales contract. The purchase price is compared to the market price. It also increases the economy of scale of the sales department. Which the company already has sales department. In addition, the Company received appropriate profit from the above transactions.
		• Accounts Receivable	-	16.39	Trade accounts receivable from the sales of latex.	Outstanding balance based on payment criteria According to commercial conditions. Which is a list of normal trade accounts receivable.
		• Accounts Payable	-	9.94	Trade accounts Payable from the Purchases of Glove.	Outstanding balance based on payment criteria According to commercial conditions. Which is a list of normal trade accounts Payable.
		4.2 PSE • Sales of Material	-	2.32	PSE have professional for supply machinery relate with glove production for support STA group , However rate of revenue from product sales is comparable to the market price.	According transaction as reasonably because PSE has professional and rate approximate near market price.
		• Sales of Machinery	-	178.00	PSE have professional about design installation and maintain machinery and equipment for glove production so service of Thaikong PCL. We not increase person of PSE is use resource and save cost for STA Group , Rate for service approximate near market price.	According transection make income to STA group, Without increasing human resources and rate approximate near market price.
		• Sales of Service	-	5.88	PSE have service of machinery cleaning with Thaikong PCL. Because PSE have professional and expertise in equipment and machinery for the production of gloves. Rate for service approximate near market price.	According transection make income to STA group, Without increasing human resources and rate approximate near market price.
		• Accounts Receivable	-	8.52	Trade accounts receivable from service as above.	Outstanding balance based on payment criteria that are commercial terms And is a list of normal. receivables
		• Advance payment for goods	-	79.85	As payment as specified in the contract.	Under the normal commercial condition.
		4.3 STGT • Purchases of Glove	-	387.04	Because the company has a Purchase Gloves Contract from Thaikong PCL. Which is a manufacturer of rubber gloves that can produce quality products and Meets the needs of customers of the company. Including reducing the risk of product procurement and The purchase price is comparable to the market price from other glove manufacturers.	The purchase of gloves has a sales contract. The purchase price is compared to the market price. It also increases the economy of scale of the sales department. Which the company already has sales department. In addition, the Company received appropriate profit from the above transactions.
		• Accounts Payable	-	36.23	Trade accounts Payable from the Purchases of Glove.	Outstanding balance based on payment criteria According to commercial conditions. Which is a list of normal trade accounts Payable.
5. Dr. Viyavood Sincharoenkul	The Board of Director of STA and the subsidiaries.	Sell land to STGT	-	1.18	Land lease agreement at STGT (lessee) leased from such person (Lessor) has completed the long-term lease agreement. And transferred to the company STGT, on November 13, 2018, according to the rights of the existing land lease agreement Which has specified that the lessee has the right to purchase the leased land from the lessor as soon as the leased land does not fall under the restriction of sale according to the terms for the Department of Lands. The total of land is 16 rai 1,412 square meter. The selling price of the land is the price specified in the land lease agreement.	Transactions are authorization of leased land and sale price of land already fix in contract.
6. Mr. Kitichai Sincharoenkul	The Board of Director of STA and the subsidiaries.	Sell land to STGT	-	1.25	Land lease agreement at STGT (lessee) leased from such person (Lessor) has completed the long-term lease agreement. And transferred to the company STGT, on November 13, 2018, according to the rights of the existing land lease agreement Which has specified that the lessee has the right to purchase the leased land from the lessor as soon as the leased land does not fall under the restriction of sale according to the terms for the Department of Lands. The total of land is 17 rai 1,448 square meter. The selling price of the land is the price specified in the land lease agreement.	Transactions are authorization of leased land and sale price of land already fix in contract.

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

Audit Committee's Opinion on Related Party Transactions

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

Measures or Procedures for Approving the Related Party Transactions

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

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

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

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

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

Policy on Future Related Party Transactions

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

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

RISK FACTORS

With various economic and industry factors contributing to the challenges of managing the Company's operations, the Board of Directors recognizes that risk management plays a key role in the success and long-term growth of our business operations. In order to comply with the Good Corporate Governance for Listed Companies (CG Code) 2017, the Risk Management Committee has been assigned the task of systematic risk management according to COSO: ERM (Enterprise Risk Management), together with the relevant standards. Focusing on the four major types of risk, namely, strategic risk, operational risk, financial risk and compliance risk, the Company conducts the operations with care and diligence to ensure that our vision, mission, objectives and goals are not misdirected. The details of the Company's risk management are shown as follows:

3.1 Strategic Risk

3.1.1 Natural Rubber Price Volatility

In general, prices of commodities, including natural rubber, are subject volatility and we, like other participants in the natural rubber industry, have limited influence over the harvest timing and the fluctuations in prices of natural rubber. The prices of natural rubber and the Natural Rubber Products that we sell, like prices of most commodities, are affected by a number of factors, including but not limited to the following:

- **Natural rubber supply and demand**

An increase in the supply of natural rubber or a decrease in the global consumption of natural rubber could create a supply surplus, which could result in a decrease in prices of natural rubber and, in turn, the average selling prices of the Natural Rubber Products that we sell. Additionally, global demand for such products, in particular TSR, is significantly dependent upon the tire manufacturing industry, which accounts for 71% of global natural rubber consumption. A slowdown in the tire manufacturing industry may lead to decreased demand for the Natural Rubber Products that we sell and our business, financial condition and operating results may be adversely affected;

- **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, prices of synthetic rubber usually move in the same direction as crude oil prices, and fluctuations in the prices of synthetic rubber usually have an impact on natural rubber prices and demand. Nowadays, there are varieties of synthetic rubber available in the market that can be used as substitutes for natural rubber in the manufacture of some rubber-based finished products. Factors such as increased global demand for rubber, volatility in natural rubber prices, an increase in natural rubber prices when compared to prices of synthetic rubber, risks of supply disruption caused 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 decreased demand for natural rubber, which may have a material adverse effect on our business, financial condition and operating results. As of December 31, 2018, revenue from Natural Rubber Products accounted for 83.5% of our total revenue;

- **Currency fluctuations**

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; and

- **Speculation**

As natural rubber and some of the Natural Rubber Products that we sell are traded on various commodity futures exchanges, they are susceptible to price speculation in addition to local and global economic factors.

Risk Management

The Company has policies to manage risks related to natural rubber price volatility, including raw material sourcing management in terms of prices and quantities and the use of rubber futures and physical forward contracts when applicable. Such contracts are recorded at their fair value on the date of the statement of financial position. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 10.)

3.1.2 Discrepancy between the growth in demand for natural rubber and expectations

Because natural rubber and gloves are consumed by a wide variety of consumers in countries all over the world, market demand for both is subject such factors as changes in consumer preference, the existence of replacement products, and changes in laws and regulations, for example, the ban on the use of powdered medical gloves by the US Food and Drug Administration (FDA). Demand can also be affected by new technological inventions, for instance, the experiment by tire manufacturers to use guayule in place of natural rubber in tire manufacturing during a period of high natural rubber prices. These factors can lead to changes in market demand for both natural rubber and gloves, and our business opportunity, revenue and financial results can be affected as a result.

Risk Management

The Company closely monitors any changes to may affect market demand for natural rubber and gloves and attempts to minimize their effect on the Company's operations. The natural rubber products that we sell, namely, TSR, RSS and LTX, have a wide variety of applications and diversified customer base. Our vertically integrated business model also allows us to guard against a negative impact on any part of our operations. In glove production, our machinery is capable of producing both latex and nitrile gloves and the proportion of the gloves that we produce can be quickly adjusted. We also have a variety of customer base which have varying preferences and regulations. Our production and marketing strategies can be quickly adjusted to respond to changing market demand.

3.1.3 Operations and Investments in Foreign Countries

We have operations and investments in various countries including Thailand, Singapore, Indonesia, USA, and the PRC. Accordingly, we are subject to the risks associated with our business activities in these countries. Our business, financial condition, operating 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, changes in political climate and general security concerns;
- changes in legal and regulatory conditions;
- changes in duties payable and taxation rates;
- natural disasters;
- the imposition of restrictions on foreign currency conversion or the transfer of funds; or
- the expropriation or nationalization of private enterprises or the confiscation of private property or assets.

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

Risk Management

The Company closely monitors the operations, economic climate, and changes in the relevant domestic and international laws and regulations to assess opportunities and risks as well as formulate the appropriate strategies to minimize any negative effect on the Company.

3.1.4 Dependence upon Services of Key Management

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 personnel as well as to recruit and train new managers. If members of our senior management are unable or unwilling to continue in their present positions, we may not be able to find their appropriate successors and our business may be adversely affected. In addition, the process of recruiting new managers with the required skills and attributes may be time-consuming and competitive. We may not be able to attract additional qualified persons to complement our expansion plans and our business and operating results may be adversely affected.

Risk Management

The Board of Directors has assigned the Nomination Committee to search for qualified candidates who could potentially assume positions as the Company's directors or executives to ensure that such persons will have the required knowledge, skills and experience to carry out our business strategies. Moreover, the Company has personnel management scheme that includes job rotations, the 'STA Development Program,' performance evaluation system, the provision of competitive remuneration and welfare and career advancement opportunities.

3.2 Operational Risk

3.2.1 Supply Chain Management

As the world's largest fully integrated natural rubber company, our business operations need to focus on supply chain management, which requires cooperation between internal and external parties. The majority of our dealings with external suppliers relate to the procurement of quality raw materials including unsmoked rubber sheets, cup lump and field latex at reasonable prices. Because we have over 3,000 suppliers who provide us with raw materials of different quality, the raw material management therefore requires an effective procurement system with efficient utilization of resources as well as production that is friendly to the environment and the local communities.

Risk Management

The Company recognizes the values of effective supply chain management. We have therefore expanded our operations to all levels of the supply chain, from upstream and midstream to downstream. The Company's wide product range, from RSS, TSR, LTX to examination gloves, enables us to diversify our sources of income and customers. In 2018, no single customer accounted for more than 10% of our total sales. Moreover, the Company has established an extensive network of raw material procurement and has located processing facilities in various strategic areas in the south, north and northeast of Thailand as well as in Indonesia and Myanmar for geographical raw material management and production diversification.

3.2.2 Production Disruption and/or Production Stoppage

The production processes operated by the Company and the Company's associates and joint ventures require vast amounts of resources. Any natural disaster, force majeure, shortage of labor, severe disruption to the infrastructure such as water supply or electricity, or any other events beyond control of the Company may lead to a significant disruption to or a stoppage of production. Such disruption or stoppage would adversely affect the operations of the Company and the Company's associates and joint ventures.

Risk Management

The Company has in place a business continuity plan (BCP) to ensure continuity of the Company's operations in the event of a contingency or any unforeseen circumstances that could disrupt the operations. However, having such a plan in place merely ensures that the operations would continue and any damage would be minimal. It does not necessarily mean that the operations would continue to run as smoothly as they would under normal circumstances. In addition, the Company has industrial all risks insurance to protect the business from any loss or damage that might result from a natural disaster or any unforeseen circumstance, as well as business interruption insurance to minimize the financial impact that could result from any disruption to operations.

3.2.3 Environmental Management

Because the Company operates many production facilities, the environmental issues that are involved include energy consumption management, management of waste from the natural rubber production processes, water and air pollution management, environmental claims and non-compliance or partial compliance with environmental regulations that could negatively affect the Company's reputation and result in fines or cessation or termination of the Company's operations. In case that there will be more rigid regulations and/or social practices which the Company may not comply or could comply with significantly high costs. It is possible that these regulations and/or social practices would become more stringent in the future and failure by the Company to comply with such regulations and/or social practices may adversely affect the Company's operations, financial condition, and operating results and business opportunities.

Risk Management

The Company has managed environmental risks through ISO 14001 by using the SWOT analysis to identify the risks that could affect the operations, taking account of such factors as locations of the Company's operations, the local communities and the biodiversity in the areas. The results of risk assessment can be divided as follows:

1. Resource management and pollution control

The Company aims to utilize production processes that are friendly to the environment, for example, using a circulating water system in 100% of the production of block rubber, utilizing biomass as fuel, as well as using technologies for pollution control and real-time monitoring of the status of the pollution treatment system.

2 Compliance with regulations

The Company has established various risk management measures, for example, the development of work procedures to ensure systematic supervision and management and requiring the Company's operations to participate in workshops to ensure compliance with all relevant internal and external regulations. Additionally, the Company has supervised compliance with the environmental manual through Internal Audit and is closely monitoring any changes in the relevant laws and regulations.

3.3 Financial Risk

3.3.1 Exchange Rate Volatility

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 79.7% of our total revenues are denominated in US Dollars. Fluctuations in the exchange rates between Thai Baht, Indonesian Rupiah, US Dollars, or other currencies, could adversely affect our business, financial condition and operating results. Any fluctuations in the exchange rates between Thai Baht, Indonesian Rupiah and Malaysian Ringgit could adversely affect our price competitiveness in relation to other natural rubber and glove processors from Indonesia and Malaysia.

Risk Management

The Company has attempted to mitigate foreign exchange risks by using financial derivatives to hedge our foreign exchange exposure arising from the purchase and sale of products in currencies other than Baht. Such derivatives are recorded at their fair value on the date of the statement of financial position. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 10.)

3.3.2 Interest Rate Volatility and Credit Market Risks

As of 31 December 2018, the Company had an aggregate of Baht 24,220.8 million in bank short-term loans for the purchase of raw materials such as unsmoked rubber sheets, cup lump and field late as well as bank long-term loans for support business expansion. The majority of the loans are short-term loans and the average interest rate is 3.1%, which is lower than the Minimum Loan Rate (MLR). Movements in the global financial markets could adversely impact the costs or other terms of our existing financing (Please find more details in Note to the Consolidated and Separate Financial Statements under item 22.) as well as our ability to obtain new credit facilities or access the capital markets on favorable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in the industry relative to competitors who may have lower amounts of debt financing.

Currently, the Company has an obligation under the loan agreements prescribed by the financial institutions to maintain the ratio of Net Long-Term Debt to EBITDA at no more than 4.5 times. If there is a substantial volatility in natural rubber prices or any other factor that could affect the ability of the Company to maintain such a ratio, the loan agreements may be in default and the Company may be unable to repay the principal and interest to the financial institutions in case of early recalling.

Risk Management

In considering any borrowings or issuance of financial instruments, the Company will conduct an analysis on interest rate and other conditions to ensure that such borrowings or financial instruments would provide maximum benefits to the Company. Moreover, the Company has provided proper source of funds such as reaching a bond markets by issuing debenture. To maintain the financial ratios as required by financial institutions, we closely communicate with and keep the financial institutions informed of our operational status in any given period. In the event that the Company is unable to maintain the required financial ratio, the Company would request for exemption from the financial institution(s) without triggering the loan default.

3.3.3 Goodwill Impairment Risk

On 15 March 2017, the Company acquired additional shares of Sri Trang Gloves (Thailand) Co., Ltd., representing 50% of paid-up capital, for Baht 6,320 million. As a result of the acquisition, the Company recognized a goodwill of Baht 2,953.8 million in its consolidated financial statements. In accordance with the generally accepted accounting principles for business acquisition, the Company is required to assess the fair value of the acquired assets and liabilities as well as the considerations of the share acquisition. Any difference would be recorded as goodwill or profits from acquiring assets at lower than their fair value. Accordingly, assets generating cash including goodwill are required to undertake impairment test on a yearly basis. In case there is an impairment (the carrying value of the business is greater than the expected recoverable value), such impairment would adversely affect the profit of the Company.

Risk Management

After the acquisition of the additional shares of Sri Trang Gloves (Thailand) Co., Ltd., the Company has continuously expanded its production capacity and implemented various business strategies to strengthen its competitiveness and increase its profitability in the long run. As of 31 December 2018, the Company recorded Baht 2,953.8 million in goodwill impairment. (Please find more details in Note to the Consolidated and Separate Financial Statements under item 20.)

3.4 Compliance Risk

3.4.1 Legal and Compliance Risk

The Company's operations in Thailand and in other countries are subject to the various relevant laws and regulations. Any failure to comply with any such laws or regulations could negatively impact the Company's reputation and result in punishment and/or fine or loss of opportunity as well as other relevant costs. Additionally, there is a possibility that these laws or regulations as well as social practices would become increasingly more stringent in the future and the Company's operations, financial condition, operating results and business opportunities would be adversely affected should the Company be unable to comply with such laws and regulations.

Risk Management

The Company has established a business unit that is responsible for monitoring the amendments of the relevant laws and regulations. The unit will then analyze the impacts on the Company's operations and inform management and employees of significant issues in order to ensure that the Company will be able to conduct the business in compliance with the relevant laws and regulations. In addition, the Company has published internal regulations and established various schemes to ensure compliance with the relevant laws and regulations, such as the Good Corporate Governance and Business Ethics Handbook, the Anti-Corruption Policy and the whistle-blower system, etc.

3.4.2 Government Intervention

In 2018, the governments of the three major natural rubber-producing countries, namely, Thailand, Indonesia and Malaysia, imposed a quota of 350,000 tons of rubber exports during January – March 2018. Moreover, in January 2018, the Thai Government approved the inclusion of natural rubber as restricted product under the Ministry of Commerce, a measure to allow the Government to deal with low natural rubber prices.

Additionally, the Thai Government has continued to issue policies to stabilize natural rubber prices and boost domestic consumption of natural rubber, including the promotion of natural rubber consumption by the public sector, the provision of interest rate subsidy to companies in the natural rubber industry, and tax deduction for people who purchase tires from manufacturers who purchased natural rubber from the Rubber Authority of Thailand (RAOT) between 1 December 2018 and 16 January 2019.

Such interventions aim to solve the problem of steadily declining natural rubber prices. However, the measures implemented may cause domestic natural rubber prices to be inconsistent with prices on the global markets, or may cause the Company's sales volume to be inconsistent with market demand, which may impact the cost structure, revenue and profit of the Company. If the Company is unable to effectively manage the discrepancy between raw material costs and selling prices, our profitability may be adversely affected. Moreover, if the market prices of the Natural Rubber Products sold by the Company become volatile, our business, financial condition and operation results could be materially and adversely affected.

Risk Management

The Company carefully manages its operations under the prevailing circumstances, taking account of the intervention by the Government or any other authorities. Having production facilities located in different strategic locations, both domestically and internationally, also enables us to maintain our competitiveness in the global market.

3.5 Risks Relating to Investment in Our Shares

3.5.1 Currency Fluctuation Risk for Shareholders Holding the Company's Shares on the SGX-ST

The Company's shares that are traded on the SGX-ST are denominated in Singapore Dollars, while dividends, if any, will be paid in Baht. Shareholders who hold shares traded on the SGX-ST therefore bear currency risk arising from fluctuations of Singapore Dollars against Thai Baht.

Risk Management

In paying dividends to our shareholders of shares traded on the SGX-ST, the Company will set the convertible rate from Thai Baht to Singapore Dollars on the day nearest to the date of dividend payment in order to minimize the currency fluctuation risk for the shareholders in Singapore.

Note: 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 operations of the Company in the future.

Financial Result Overview

In 2018, the Natural Rubber (NR) industry still had to contend with an oversupply that stemmed from the planting of rubber trees during a period of high NR prices from 2010 to 2012 and the rubber trees planted during this period started to provide yield from 2017 onwards. The oversupply and consistently low NR prices prompted the governments of the three major NR-producing countries, namely Thailand, Indonesia and Malaysia, whose NR production together accounted for approximately 67% of global NR production, to agree to the Agreed Export Tonnage Scheme (AETS) to impose a quota of 350,000 tons of NR export during 1Q18. The government of Thailand also came up with various measures to shore up NR prices and promote domestic NR consumption. However, the global economic and political uncertainties, the volatility of currencies in the ASEAN region following the interest rate increase by the US Federal Reserve, and the escalating trade war between the US and China continued to weigh on market sentiments and led NR prices to extend their decline in 2018. The average price of TSR20 on SICOM for 2018 was 136.5 cent/kg, down 17.1% from 2017.

In 2018, we implemented the selective selling strategy, which focused on profitability and effective raw material cost management, in our NR processing operations in the midstream. As a result, we were able to maintain our market share at 10% of global NR consumption with 1,336,649 tons in sales volume. As for our glove production operations in the downstream, we expanded our production capacity to keep up with the growing global demand for gloves. We are currently the largest glove producer in Thailand and is ranked among the world's leading glove producers with 16,937 million pieces in sales volume, a figure that represents 6% of global glove consumption.

Our revenue in 2018 was Baht 73,732.3 million, down 18.1% from the previous year as a result of lower NR prices. Nevertheless, we managed to record Baht 2,064.4 million in net profit attribute to owners of the company thanks to our position as a fully integrated natural rubber company.

Extraordinary Event

We are in the process of amalgamating the operations of Sri Trang Gloves (Thailand) Ltd. ("STGT") and Thaikong Public Company Limited. ("TK"), a glove producer with a production facility located in the province of Trang and 4,000 million pieces per annum in production capacity. The process is expected to be completed by April 2019 and will increase our total production capacity to 21,200 million pieces per annum upon completion.

Non-Recurring Item

In 2018, we received Baht 69.1 million in insurance proceeds paid out to our production facilities. The amount was recognized as revenue.

Income Statement Overview

(Unit : THB million)	FY18	FY17	%YoY	4Q18	4Q17	%YoY
Revenue from sales of goods and services	73,492.8	89,387.0	-17.8%	17,189.6	19,768.4	-13.0%
Cost of sales and services	(66,385.3)	(85,610.6)	-22.5%	(15,822.9)	(18,393.8)	-14.0%
Gross profit (loss)	7,107.5	3,776.4	88.2%	1,366.7	1,374.5	-0.6%
SG&A	(5,247.9)	(5,859.1)	-10.4%	(1,350.5)	(1,332.6)	1.3%
Other income	239.5	685.5	-65.1%	67.2	398.0	-83.1%
Gains (loss) on exchange rate, net	(252.2)	522.1	N/A	40.4	157.0	-74.3%
Other gains, net	1,203.3	503.6	138.9%	156.0	112.4	38.9%
Operating profit (loss)	3,050.2	(371.3)	N/A	279.8	709.7	-60.6%
Share of profit (loss) from investments in JV	223.7	129.8	72.3%	26.5	46.6	-43.1%
EBITDA	5,657.4	1,610.7	251.2%	993.5	1,325.1	-25.0%
EBIT	3,273.9	(241.7)	N/A	306.3	756.2	-59.5%
Finance costs (net)	(887.1)	(1,156.4)	-23.3%	(221.1)	(274.6)	-19.5%
Income tax (expense)	(241.0)	(20.6)	1068.1%	55.9	25.5	119.6%
Net Profit (loss) for the periods	2,146.0	(1,418.5)	N/A	151.1	507.0	-70.2%
Attributed to Owners of the parent	2,064.4	1,437.0	N/A	139.1	468.7	-70.3%
Attributed to non-controlling interests	81.6	18.5	340.9%	12.0	38.5	-68.8%

Revenue

Total revenue from products and services in 2018 was Baht 73,492.8 million, down 17.8% from 2017. Revenue from NR products was down 22.4% to Baht 61,361.2 million because of the average selling price that dropped 23.2% in tandem with NR prices on the global market, while sales volume slightly grew by 1.0%. Revenue from gloves was Baht 11,786.3 million, up 19.6% from 2017 on the back of a 12.4% growth in sales volume following the capacity expansion and marketing efforts in previously untapped markets and a 6.4% increase in average selling price because prices of synthetic rubber, the primary raw material in nitrile glove production, went up in tandem with oil prices on the global markets*, even though prices of LTX, the primary raw material in latex glove production, declined. Revenue from other products and services came in at Baht 354.3 million.

Note: *Because synthetic rubber is derived from crude oil, prices of synthetic rubber tend to move in the same direction as oil prices.

Sales Volume

Despite the imposition of the Agreed Export Tonnage Scheme (AETS) during 1Q18 and the escalating trade war between the US and China that went on throughout the year, our sales volume for NR products in 2018 was 1,336,649 tons, up 1.0% from 2017. We were also able to maintain our market share at 10% of global NR consumption. Sales volume for TSR rose 2.5% on the back of increased orders from customers in China, Europe, India and Vietnam. Sales volume for RSS was down 3.3% due to softening demand. Sales volume for LTX dropped 5.8% because the raw material costs that went up meant that we had to preserve our profit margin at the expense of sales volume. China still remained our largest market for NR products at 48.4% of our total sales volume, followed by the other markets in Asia at 25.4%, while Europe and the US markets accounted for 4.9% and 4.1% of total sales volume, respectively. Sales volume for the domestic market accounted for 17.1% of our total sales volume.

Sales volume for gloves in 2018 was 16,937 million pieces, up 12.4%* from 2017. Our market share in 2018 was 6% of global glove consumption. The growth in sales volume can be attributed to higher sales volume for latex gloves because our vertically integrated business model afforded us a competitive advantage in latex glove production and enabled us to expand our customer base to previously untapped markets like India, South Africa and South America. Latex gloves accounted for 61% of our production volume while nitrile accounted for 39%. The US remained our largest market for gloves with 26.7% of total sales volume, followed by Europe market at 23.8%. Sales volume for the domestic market accounted for 11.5% of total sales volume. Japan, China and India markets accounted for 8.9%, 8.0% and 4.1% of total sales volume, respectively.

*STGT, previously a joint venture, became our subsidiary in March 2017. Therefore, revenue from gloves in 2017 only took account of the revenue on the consolidated financial statements after 15 March 2017. Had revenue from gloves for the whole of 2017 been taken into account, our sales volume for gloves in 2018 would have been 3.6% higher than in 2017.

Gross Profit

Gross profit in 2018 was Baht 7,107.5 million, increasing 88.2% from Baht 3,776.4 million in 2017, as a result of a change in strategy with regard to NR products and effective raw material cost management. The demerger of our glove operations in 2017 also resulted in a change in marketing strategy and customer base. However, in 2018 we expanded our customer base to countries all over the world and implemented production cost management strategies, which led to improved profitability. Gross profit margin in 2018 was 9.7%, up from 4.2% in 2017. Taking account of the reversal of inventory allowance in the amount of Baht 172.3 million and realized gains from hedging transactions in the amount of Baht 90.0 million, our adjusted gross profit margin in 2018 would have been 11.2%, up from 5.4% in 2017.

Operating Profit

Operating profit in 2018 was Baht 3,050.2 million and operating profit margin was 4.2%, an improvement over operating loss of Baht 371.3 million in 2017. The reversal can be attributed to the effective raw material cost management in our NR operations and the improved profitability of our glove operations. Thanks to lower volatility of NR prices, we also recorded Baht 1,202.8 million in gains from hedging transactions 2018, up from Baht 100.3 million in 2017. We recorded Baht 252.2 million in loss on currency exchange, compared with Baht 522.1 million in gains on currency exchange in 2017. However, we also recorded Baht 90.0 million in realized gains from currency exchange.

Administrative and selling expenses dropped by Baht 611.2 million or 10.4% from 2017 because in 2017 there were non-recurring expenses in relation to the demerger and legal expenses in the amount of Baht 532 million. Had such expenses not been taken into account, our administrative expenses in 2018 would have been down by Baht 144.4 million or 6.0%. Selling expenses increased Baht 65.4 million or 1.9% as a result of Cess expense that went up in tandem with higher export volume and shipping costs that went up in tandem with oil prices on the global markets. Other income in 2018, consisting of income from insurance reimbursement, rent, and the provision of computer services, came in at Baht 237.7 million.

Share of Profit from Investments in Associates and Joint Ventures

Share of profits from investments in associates and joint ventures in 2018 was Baht 223.7 million, up Baht 93.9 million or 72.3% from 2017 on the strength of a 12.4% growth in profit from the high-pressure hydraulic hose joint venture and the NR joint venture that returned to profit after recording a loss in 2017.

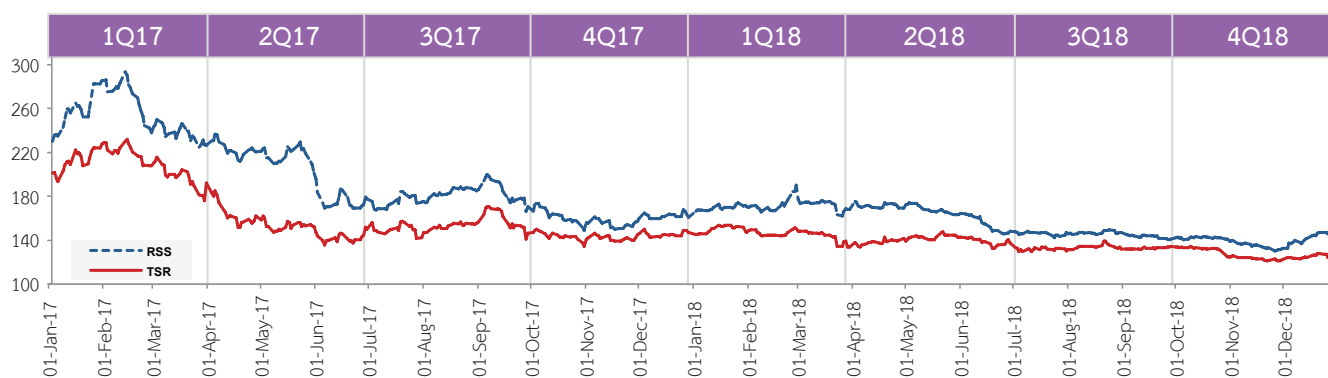
Net Profit Attribute to Owner of The Company

Net profit in 2018 was Baht 2,064.4 million, a reversal of Baht 1,437.1 million in net loss in 2017. The return to profit was driven by our selective selling strategy and effective raw material cost management in our NR operations, which led to improved profitability. We also fully recognized revenue from our glove operations in 2018, in comparison with 2017 when the demerger was completed on 16 March 2018. Profit before interest and taxes (EBIT) in 2018 was Baht 3,273.9 million, compared with a loss of Baht 241.5 million in 2017. Finance costs went down Baht 269.6 million or 23.3% because of a decrease in short-term borrowings as a result of lower NR prices. However, tax expenses were Baht 220.4 million higher as a result of an increase in net profit.

As of 31 December 2018, inventory balance of the Company at net realisable value (NRV), for only RSS, LTX, and TSR, had Baht 209.3 million surplus from inventories at lower of cost or net realisable value (NRV). Under Thai Financial Reporting Standards, such surplus from inventories are not allowed to be recognized in the profit and loss until the inventories are actually sold. The amount of such difference changes over time depending on the actual price at the time of sale.

Key Factors Affecting the Company's Operations

1. Volatility of Natural Rubber Price



Daily Price Movement of TSR20 and RSS3 at SICOM

Our revenue and profitability are directly affected by the volatility of NR prices, which, in turn, are affected by NR supply and demand imbalance. NR oversupply generally leads to lower NR prices, which would make the average selling prices of the NR products that we sell move lower. In 2018, NR prices continued to come under pressure from the oversupply that lingered from 2017, with prices of TSR20 moving down in every quarter. The average price of TSR20 in 2018 was 136.5 cent/kg, down 17.1% from 2017, while the lowest price was 121.2 cent/kg reached during 4Q18, which coincided with the harvest season in Thailand (a four-month period from November to February of every year).

The factors that can affect NR price movements include

- 1) the global economy, which has a direct impact on the automotive and tire industries;
- 2) NR supply and demand;
- 3) currency fluctuations, especially as they concern US dollar and Japanese Yen, the currencies in which NR is traded, as well as the currencies of such major NR-exporting countries as Thai Baht, Indonesian Rupiah and Malaysia Ringgit;
- 4) oil prices, as NR and synthetic rubber, which is derived from crude oil, are substitute products; and 5) the government policies of the major NR-exporting countries.

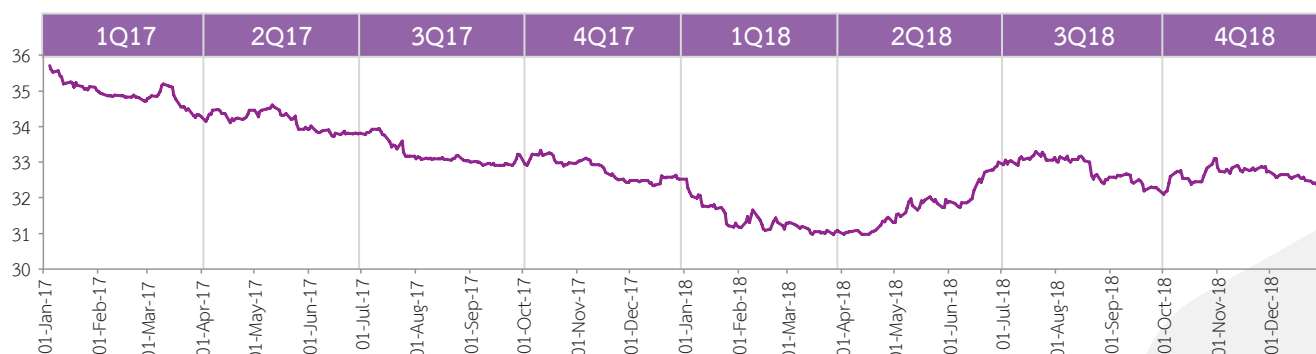
Price Movement of TSR20 and RSS3 at Singapore Commodity Exchange Limited (SICOM) during 2017 - 2018

(Unit : US Cent/ Kg.)	RSS3			TSR20		
	2018	2017	%Change	2018	2017	%Change
Q1 Average	171.2	254.5	-32.7%	146.5	209.4	-30.3%
Q2 Average	167.6	204.8	-19.6%	140.0	152.8	-8.4%
Q3 Average	145.4	180.9	-19.6%	132.9	153.7	-13.5%
Q4 Average	139.7	159.8	-12.6%	126.7	143.7	-11.8%
Yearly Average	155.1	199.8	-22.4%	136.5	164.7	-17.1%
Closing price as at 31 December	148.5	160.6	-7.5%	124.8	146.9	-15.0%

The volatility of NR prices also affect the profitability of our glove operations because 61% of the gloves that we produce and distribute are latex gloves.

2. Foreign exchange rate

Baht: US dollar



The graph shows the exchange rate of baht per US dollar

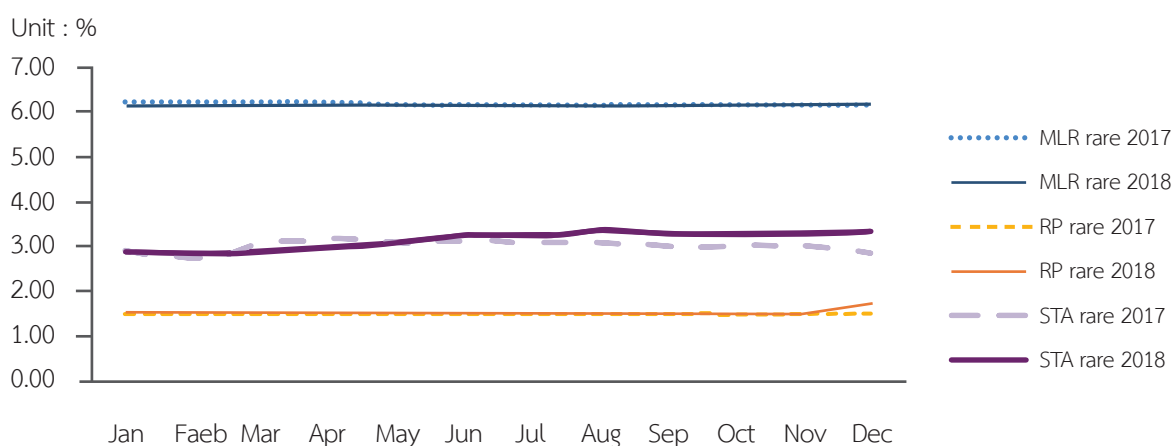
The fluctuations of Thai Baht and US Dollar directly affect our revenue since approximately 79.7% of our total revenue are denominated in US Dollars, while our financial reporting currency is Thai Baht. We therefore utilize financial derivatives to manage our currency risk and their mark-to-market values will be recognized as unrealized foreign exchange gain or loss.

In 2018, Thai Baht moved up 4.8% against US Dollar, from an average of 33.77 Baht/US dollar in 2017 to 32.14 Baht/US dollar in 2018. During 2018, there was high volatility from quarter to quarter as a result of capital flows following the interest rate increase by the Federal Reserve. As a result, we recorded Baht 252.2 million in foreign exchange loss in 2018, a reversal of Baht 522.1 million in gains on foreign exchange in 2017.

3. Finance costs

The key factors affecting our finance costs are interest rate, NR prices, sales volume and currency exchange movements. In 2018, our interest expenses went down from 2017 on account of a decrease in short-term borrowings to support raw material purchasing, even though we recorded foreign exchange loss in relation to our US dollar and Rupiah-denominated loans in the amount of Baht 208.3 million. As a result, our overall finance costs decreased 23.3% from Baht 1,156.4 million in 2017 to Baht 887.0 million in 2018.

The graph below illustrates that our average interest rate during 2017-2018 was lower than the average Minimum Loan Rate (MLR) of three large commercial banks, Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank.



STA Effective Interest Rate vs. Average MLR Rate

4. Government Policy

Policies issued by the governments of Thailand and other major NR-exporting countries may benefit or negatively affect our operations. For instance, in a joint effort to combat low NR prices, the governments of Thailand, Indonesia and Malaysia, the three major NR-producing countries, agreed to the Agreed Export Tonnage Scheme (AETS) in 2010 to 2012. In 2018, the three governments again imposed a quota of 350,000 tons of rubber exports during the period from January to March. The Thai government has also come up with various measures in an attempt to solve the problem of low NR prices, such as the establishment of the Thai Rubber Fund Company Limited, the promotion of domestic consumption of natural rubber, and the inclusion of natural rubber in the list of commodities to be regulated by the Ministry of Commerce. It has also attempted to reduce NR supply by encouraging the cutting down of rubber trees and the cessation of rubber tapping. These policies may cause domestic NR prices to be inconsistent with NR prices on the global markets or cause our sales volume to be inconsistent with global NR demand.

Our gloves operations are also affected by policies such as the ban issued by the US Food and Drug Administration on the use of powdered medical gloves, which could lead to shifting in demand for latex gloves to powder-free latex gloves or nitrile gloves.

Business Segmentation Analysis

Revenue breakdown by product segment (Baht million)

	2018	2017	% YoY
TSR	50,008.1	63,183.1	-20.9%
%	68.0%	70.7%	
Gloves*	11,786.3	9,858.7	19.6%
%	16.0%	11.0%	
RSS	6,816.0	9,653.1	-29.4%
%	9.3%	10.8%	
LTX	4,537.1	6,285.5	-27.8%
%	6.2%	7.0%	
Other**	345.3	406.6	-15.1%
%	0.5%	0.5%	
Total	73,492.8	89,387.0	-17.8%

Note:

*In March 2017, Sri Trang Gloves (Thailand) has become our subsidiary (previously it was a joint venture company). The revenues from examination glove products therefore have been recorded in the consolidated financial statement after 15 March 2017 onwards.

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

Technically Specified Rubber (TSR)

Revenue from TSR, which accounted for 68.0% of total revenue, dropped 20.9% from 2017 as a result of the average selling price that went down 22.8% alongside NR prices on the global markets, while sales volume slightly grew by 2.5% on the back of growth in China, India and Europe. Thanks to our selective selling strategy and effective raw material cost management, gross profit for TSR in 2018 rose 159.5% from 2017 and gross profit margin also went up considerably.

Gloves

Revenue from gloves, which accounted for 16.0% of total revenue, rose 19.6% from 2017 on the back of a growth in both sales volume and average selling price. Sales volume went up 12.4%* on the back of increased demand from South America, India, China, Korea and Thailand. The average selling price went up 6.4% because prices of synthetic rubber, the primary raw material in nitrile glove production, moved higher alongside oil prices on the global market, even though prices of concentrated latex, the primary raw material in latex glove production, went down. Thanks to our vertically integrated business model, gross profit for gloves in 2018 rose by 86.3% from 2017 and gross profit margin was comparable with those of the world's leading glove producers.

*STGT, previously a joint venture, became our subsidiary in March 2017. Therefore, revenue from gloves in 2017 only took account of the revenue on the consolidated financial statements after 15 March 2017. Had revenue from gloves for the whole of 2017 been taken into account, our sales volume for gloves in 2018 would have been 3.6% higher than in 2017.

Ribbed Smoked Sheet (RSS)

Revenue from RSS, which accounted for 9.3% of total revenue, dropped 29.4% from 2017 as a result of a 27.0% decline in average selling price, which fell in tandem with NR prices on the global markets, and sales volume that also went down 3.3% due to a decrease in export volume. Because of the decline in both average selling price and sales volume, gross profit for RSS in 2018 was down 16.0% from 2017. But gross profit margin went up thanks to improved management of selling and raw material costs.

Concentrated Latex (LTX)

Revenue from LTX, which accounted for 6.2% of total revenue, dropped 27.8% from 2017 as a result of a 23.4% decline in average selling price and a 5.8% drop in sales volume. In 2018, we implemented our selective selling strategy and cost management and chose to maintain profitability at the expense of sales volume. Therefore, even though gross profit dropped by 13.9% alongside the average selling price and sales volume, our gross profit margin actually improved when compared with 2017.

Consolidated Balance Sheet

Current assets

Current assets as of 31 December 2018 amounted to Baht 28,839.5 million, representing 42.8% of total assets and down by Baht 4,509.9 million or 15.9% from the previous year. The decrease in current assets primarily resulted from inventories that declined by Baht 4,811.6 million or 28.1% due to lower inventory levels and lower NR prices at the end of 2018, compared with at the end of 2017. In accordance with the generally accepted accounting standards, inventories on the financial statements are stated at cost or net realizable value, whichever is lower (Please find more details in Note to the Consolidated and Separate Financial Statements under item 4 and 9). Moreover, a decrease in trade accounts receivable and other receivables in the amount of Baht 1,520.3 million as a result of a 23.2% drop in the average selling price of NR products, in line with NR prices on the global markets, also contributed to the decrease in current assets, even though sales volume slightly went up by 1.0%. However, cash and cash equivalents increased by Baht 1,955.4 million.

Non-current assets

Non-current assets as of 31 December 2018 amounted to Baht 31,908.6 million, representing 57.2% of total assets and increasing by Baht 550.2 million or 1.8% from the previous year. The increase in non-current assets primarily consists of an increase in property, plants and equipment in the amount of Baht 266.4 million (net of depreciation and write-off) as a result of the capacity expansion of our TSR, LTX and Glove facilities. An increase in rubber plantations in the amount of Baht 219.1 million also contributed to the increase in non-current assets.

Current liabilities

Current liabilities as of 31 December 2018 amounted to Baht 20,772.0 million, representing 67.8% of total liabilities and down by Baht 5,084.5 million or 19.7% from the previous year. The decrease in current liabilities primarily resulted from a decrease in short-term borrowings from financial institutions in the amount of Baht 6,169.6 million as lower NR prices reduced the need for short-term borrowings as working capital to support the purchase of raw materials. However, borrowings that will be due within one year increased by Baht 1,052.4 million and primarily consist of long-term borrowings from financial institutions in the amount of Baht 1,260 million and debentures that will mature in May 2019 in the amount of Baht 810 million.

Non-current liabilities

Non-current liabilities as of 31 December 2018 amounted to Baht 9,876.4 million, representing 32.2% of total liabilities and down by Baht 698.1 million or 6.6% from the previous year. The decrease in non-current liabilities primarily resulted from a decrease in debentures that will mature in May 2019 in the amount of Baht 810 million (There still remain debentures that will mature in May 2021 in the amount of Baht 1,455 million). At the same time, long-term borrowings from financial institutions (not including those that will be due within one year) amounted to Baht 7,344.4 million, up Baht 150.7 million from the end of 2017. Such borrowings are used to support the capacity expansion of our glove facilities.

Shareholders' equity

Shareholders' equity as of 31 December 2018 amounted to Baht 25,099.8 million, increasing by Baht 1,822.9 million or 7.8% from the previous year. The increase in shareholders' equity primarily resulted from unappropriated retained earnings in the amount of 1,853.7 million from the net profit that increased during the year.

Research and development (R&D) expenditure

In 2018, we had Baht 47.0 million in expenses associated with research and development in relation to all our products, from TSR, LTX, RSS to Gloves. Such expenses went toward improving the production efficiency and product quality to satisfy customer demand and also toward the sustainable environmental management.

The National Science and Technology Development Agency (NSTDA) also approved in 2018 that two of our R&D projects satisfy the criteria laid out in a Ministry of Finance Announcement regarding taxation. As a result, R&D expenses in the amount of Baht 0.9 million were exempt from corporate taxation and we were able to record 3 times the amount, equalling Baht 2.8 million, as expenditure.

Source of Funds

In 2018, our capital expenditure was Baht 2,780.2 million, which primarily consisted of Baht 1,339.9 million in expenditure for the capacity expansion of our TSR and LTX facilities and the maintenance of our NR facilities and Baht 1,232.2 million in expenditure for the capacity expansion of our gloves facilities. Our primary sources of funds were cash and long-term borrowings from financial institutions.

The Ability to Service Debt and Comply with Loan Covenants

Short-term and long-term borrowings from financial institutions, debentures and financial leases as of 31 December 2018 amounted to Baht 26,527.2 million (Please find details about payment term, interest rate and ending balance in each foreign currency in Note to the Consolidated and Separate Financial Statements under item 22). In February 2018, Baht 600 million in mature debentures was redeemed. Our net debt to equity ratio was at 1.05 times as of 31 December 2018, dropping from 1.49 times in 2017. The decrease resulted from interest payments associated with short-term and long-term borrowings that went down by Baht 5,778.9 million and cash that increased by Baht 1,955.4 million.

Financial Ratios

Current ratio

Current ratio is calculated by dividing total current assets by total current liabilities. Our current ratio as of 31 December 2017 and 31 December 2018 was 1.10 times and 1.15 times, respectively. The increase in current ratio primarily resulted from short-term borrowings from financial institutions that went down by Baht 6,169.6 million in tandem with lower NR prices.

Fixed asset turnover ratio

Fixed asset turnover ratio is calculated by dividing the sales of goods and services by the average value of property, plants and equipment (net). As of 31 December 2017 and 31 December 2018, our fixed asset turnover ratio was 4.12 and 2.80 times, respectively. The decrease in fixed asset turnover ratio can be attributed to revenue that went down as a result of lower NR prices on the global markets while the average value of property, plants and equipment went up as a result of the capacity expansion.

Return on assets ("ROA")

ROA is calculated by dividing net profit (of the parent company) for the year by the average value of total assets. As of 31 December 2017 and 31 December 2018, our ROA was -2.48% and 3.58%, respectively. The increase in ROA resulted from our profitability in 2018, compared with a net loss in 2017, as well as from the average value of total assets that dropped as a result of inventories and account receivables that went down because of lower NR prices on the global markets.

Return on equity ("ROE")

ROE is calculated by dividing net profit (of the parent company) for the year by the average total equity. As of 31 December 2017 and 31 December 2018, our ROE was -6.65% and 8.53%, respectively. The decrease in ROE resulted from our improved financial performance.

Debt to equity ratio ("D/E")

D/E is calculated by dividing total debt by total equity. As of 31 December 2017 and 31 December 2018, our D/E was 1.57 and 1.22 times, respectively. The decrease in D/E resulted from reduced short-term borrowings from financial institutions to support raw material purchasing.

Business Outlook

Rubber Industry

	2017	2018	2019F
Global Growth (GDP)	3.7%	3.7%	3.7%
• China (the world's largest NR consumer)	6.9%	6.6%	6.2%
• Europe (the world's second largest NR consumer)	2.4%	2.0%	1.9%
• India (the world's third largest NR consumer)	6.7%	7.3%	7.4%
Vehicle production (mil. Unit)	99	100	102
% change	2.8%	1.7%	1.9%
Tire production (mil. Unit)	1,877	1,933	1,992
% change	2.2%	3.0%	3.1%
NR consumption ('000 tons)	13,218	13,867	14,231
% change	4.3%	4.9%	2.6%

Source: International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to October – December 2018

The growth of the global economy is the key factor affecting NR demand. Because tire manufacturers account for 71% of global NR demand, the growth in vehicle production and tire manufacturing directly has an effect on NR demand growth. According to IRSG report, in 2018, demand from tire manufacturers increased 4.9% on the back of growth in the replacement market. At the same time, NR demand from other sectors grew by 5.2%, mainly on account of demand from the glove industry. In 2018, demand for synthetic rubber, which can be used in place of natural rubber in the production of some products, grew by only 1.7%, a much lower rate than NR growth, as low NR prices prompted tire manufacturers in some countries as well as consumers in other industries to increase the share of NR in production.

NR demand is expected to be flat in 2019, increasing only slightly by 2.6% from 2018, due to the economic slowdown in China, the world's largest NR consumer, despite an expected moderate growth in vehicle production and tire manufacturing globally. At the same time, NR demand from other industries is expected to grow by 4.4%. Movements of NR prices on the global markets are also influenced by such other factors as speculative activities on the futures markets, including SICOM, TOCOM and the Shanghai Futures (SHFE), which may cause NR prices to not move in the same direction as the fundamentals, as well as the weather conditions.

Demand & Supply Balance

World Natural Rubber production and consumption during 2017 - 2019

Unit : 000'tons	2017	2018	2019F
NR production	13,559	13,901	14,262
% change	7.6%	2.5%	2.6%
NR consumption	13,218	13,867	14,231
% change	4.3%	4.9%	2.6%

Source: International Rubber Study Group (IRSG), The World Rubber Industry Outlook, Review and Prospects to 2027, December 2018

According to the World Rubber Industry Outlook, Review and Prospects to 2027, published by the International Rubber Study Group (IRSG) in December 2018, the global NR demand in 2018 was 13,867,000 tons, up 4.9% from 2017. The increase was driven by the growth of the tire industry, from both the Original Equipment Manufacturers (OEM) and the Replacement Equipment Manufacturers (REM), which together accounted for about 71% of global NR demand. The increased consumption of concentrated latex on the back of the steady growth of the glove industry also contributed to the overall growth in NR demand. Meanwhile, the global NR supply went up 2.5% to 13,901,000 tons in 2018. The supply growth mainly came from Thailand, PRC, Vietnam, and the CAMAL* countries. According to IRSG report, global NR demand is projected to increase by 2.6% to 14,231,000 tons in 2019, with China remaining the world's largest consumer, followed by the European countries, India, the US and Thailand. But the growth in demand from India and Malaysia is expected to be higher than the overall growth rate, driven by increased consumption by the tire manufacturers and glove producers respectively. Meanwhile, the IRSG forecasted that global NR supply will increase by 2.6% to 14,262,000 tons in 2019, driven by supply from the CAMAL* countries. Supply from Thailand and Indonesia, the world's largest and second-largest NR-producing countries, is expected to be flat as replacement planting has remained steady while new planting has been steadily declining as a result of consistently low NR prices.

In 2019, NR supply from newly mature rubber trees is expected to grow at a slower rate as there has been less planting since 2013, when NR prices started to drop to lower levels. Moreover, the prolonged period of low NR prices has prompted rubber farmers to switch to more profitable crops, delay planting or replacement planting, and reduce the tapping frequency. The extended period of low NR prices has also dampened farmer interest in the rubber industry. Meanwhile, NR demand is still growing in tandem with the tire industry. The IRSG anticipates that NR supply surplus will hover around 31,000 tons in 2019, slightly down from 34,000 tons in 2018.

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

Our business strategy and progress of expansion plan
Upstream Business – 7,500-odd hectares of land already secured for rubber plantations

As of 30 September 2018, we owned approximately 7,500 hectares of rubber plantations in 19 provinces of Thailand, with the majority in the North and Northeast. 89% of the plantations have been planted with rubber trees and some portions have been providing yields since 2015.

The Company estimate that, in 2018, rubber trees that are ready to be tapped would account for 3% of total rubber trees, a development that would benefit our core business in the midstream.

Midstream Business – keeping profitability and moving toward “STA 20”

Since 3Q17, we have implemented a selective selling strategy, which prioritizes profitability over sales volume, to preserve profit margin during a period of low NR prices. In the long run, we are focused on maintaining relationships with our existing customers in addition to cultivating new ones, such as tire manufactures from overseas who have set up production base in Thailand and consumers of concentrated latex worldwide, with an eye toward achieving “STA 20”, that is, to capture a market share of 20% of “global NR consumption” (In 2017, our market share was 10% of global NR consumption.).

Sri Trang Group had a total 36 production facilities, of which 32 are located in Thailand, three in Indonesia, and one in Myanmar. Our engineering capacity stood at 2.86** million tons per annum, up 240,000 tons from 2017, at the end of 2018. The additional capacity came from the two production facilities in Chiang Rai and Sakonnakorn that were constructed last year and became fully operational, and also from the addition of production lines at our latex processing plants in Surat Thani, Songkhla, and Ubon Ratchathani to support the growth of our glove business and to keep pace with steadily growing demand for concentrated latex. As a result of this, our engineering capacity remains the highest in the industry.

Note: **The engineering capacity is derived from the specifications certified by the supplier of the processing machinery. Our engineering capacity includes the engineering capacity of Thaitech Rubber Corporation Limited.

Downstream Business – aiming to rank among the world’s top three glove producers

We intend to capitalize on our competitive advantage over competitors in the production of latex gloves, which is our ready access to quality concentrated latex. We will also continue to produce nitrile gloves to satisfy customer demand from around the world for both medical and lifestyle uses. In 2018, we had a market share of 6% of global glove consumption.

As of 30 September 2018, we achieved our capacity expansion target for 2018 of 17.2 billion pieces of gloves per annum, up 3.2 billion pieces or 23% from our production capacity at the end of 2017. We are also in the process of amalgamating the businesses Sri Trang Gloves (Thailand) Ltd. (“STGT”) and Thaikong Public Company Limited. (“TK”), which is a glove producer based in Trang with 4 billion pieces of gloves per annum in production capacity. The amalgamation is expected to be completed by 1 April 2019 and will increase our total production capacity to 21 billion pieces of gloves per annum. We intend to keep expanding our production capacity to keep pace with the global demand for gloves, which is growing 8-10% annually*. Our eventual target is to rank among the world’s top three glove producers in the foreseeable future.

Note: *MARGMA Industry Brief 2018 on the Rubber Glove Industry

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 three independent directors, two-thirds of whom have financial and accounting knowledge, as follows:

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

The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors of the Company. In the year 2018, the Audit Committee convened a total of eight meetings. Mr. Prakob Visitkitjakarn, Mr. Kriang Yanyongdilok and Mr. Samacha Potavorn attended all the meetings and, where the agendas were relevant, meetings were also attended by the senior management, the manager of the internal audit department and the auditors. The duties and responsibilities performed by the

Audit Committee can be summarized as follows:

- Reviewed the quarterly and year-end financial statements for the year 2018 together with the auditor, the Chief Financial Officer (CFO) and the management to ensure that they are accurate and comply with the generally accepted accounting principles. In determining the accuracy of the financial statements, there were discussions and exchanges of opinion throughout the meetings prior to submitting the financial statements to the executive directors of the Company for approval. In the Audit Committee’s meeting no. 1/2019, held on 27 February 2019, there was a meeting between Audit Committee and external auditor without management participation which the external auditor did not have any significant observations.

- Considered the internal audit plan and reviewed the results of internal audit conducted by the internal audit department as well as the sufficiency, appropriateness and effectiveness of the internal control system and risk management system.

- Ensured that the Company complied with the relevant laws and regulations and the principles of good corporate governance as well as its Articles of Association and the regulations of the SEC and the SET and that the Company adequately disclosed information.

- Reviewed the entering into and disclosure of related party transactions that may lead to conflicts of interest between the interested parties and the Company and its subsidiaries. The review concluded that the Company complied with all the laws and regulations of the SET regarding related party transactions.

- Submitted the names of the persons to be appointed the Company's auditors and the proposed auditing fees for the year 2019 to the Board of Directors in order to obtain approval from the Company’s shareholders during the 2019 Annual General Meeting of Shareholders. In performing this duty, the Audit Committee considered the track record and the independence of the auditors and the appropriateness of the remuneration.

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, that the financial statements were prepared in accordance with the generally accepted accounting principles and that the Company has complied with all the laws and the regulations of the SEC and the SET relating to its business operations. In the performance of its duties the Audit Committee were accorded full independence and discretion and there were no limitations on its access to information.

Yours sincerely,

Mr. Prakob Visitkitjakarn
Chairman of the Audit Committee
February 2019

Report on 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 2018 Annual Report. The financial statement ended on December 31, 2018 was prepared in accordance with the generally accepted accounting standards by using appropriate and consistent accounting policy including careful consideration and reasonableness. The important information was adequately disclosed in the notes to the 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 EY Office Limited and all the related information was provided to the auditors for supporting their opinion in accordance with the auditing standards.

The Board of Directors recognized their duties and responsibilities for supervising the efficient preparation of financial report and have instituted risk management system and appropriate internal control system for both operation and related information systems to ensure the accuracy and completeness of the financial information and to 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 reports, the effectiveness of the 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 and to state their opinion in the Audit Committee Report in the Annual Report.

From the corporate governance practices mentioned above, the Board is of the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance that the stand-alone financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 are accurate, reliable and in compliance with generally accepted accounting practices and all the relevant legal guidelines and policies.

Dr. Viyavood Sincharoenkul
Chairman and Managing Director

Auditor's Report

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

Opinion

I have audited the accompanying consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Sri Trang Agro-Industry Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Goodwill

As at 31 December 2018, the Company had goodwill amounting to Baht 2,954 million. I have focused on the consideration of the impairment of the goodwill because the assessment of impairment of goodwill is a significant accounting estimate requiring the management to exercise judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate.

I assessed the identified cash generating units by gaining an understanding of and testing the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets and the discount rate applied, making enquiry of responsible executives and comparing details with sources of information about the Group and the industry, and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

Financial instruments

The Group has entered into financial instruments with numerous counterparties that are financial institutions, in order to mitigate its exposure to fluctuations in rubber prices, foreign exchange rates and interest rates. It has presented the fair value of such financial instruments in the statement of financial position, and recognises material gains or losses on financial instruments in the statement of comprehensive income. Management therefore relied on valuation techniques and models suggested by the counterparties, in which most of the inputs used were observable in the relevant market. Differences in the assumptions used in the calculation may therefore affect the fair value of such financial instruments presented in financial statements.

I gained an understanding of the transactions and the process of recording the fair value of financial instruments, and the accounting records related to financial instruments. Moreover, I recalculated the fair value of such financial instruments, sent confirmation requests to counterparties to determine the completeness of the recording of the transactions and verified supporting documents, on a sampling basis, for actual transactions occurring during the year. Addition, I tested the appropriateness of the fair values used by comparing them to available market inputs. Moreover, I examined the information disclosed in the notes to the financial statements for appropriateness and completeness.

Other Matter

The consolidated financial statements of Sri Trang Agro-Industry Public Company Limited and its subsidiaries (the Group) and the separate financial statements of Sri Trang Agro-Industry Public Company Limited for the year ended 31 December 2017 were audited by another auditor who, under his report dated 28 February 2018, expressed an unmodified opinion on those financial statements.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 28 February 2019

Consolidated and Company Financial Statements

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of Financial Position As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	4,197,300,465	2,241,899,673	381,814,522	269,018,868
Trade and other receivables	8	5,692,013,025	7,212,308,344	3,233,142,662	4,122,493,048
Amounts due from future brokers		976,274,751	810,539,650	31,299,805	16,177,188
Inventories	9	12,311,420,303	17,122,979,336	6,063,579,623	7,679,732,386
Current portion of long-term loans to subsidiaries	6	-	-	742,550,400	915,873,439
Derivative financial instruments	10	59,600,920	407,938,505	33,078,993	256,520,319
Other current assets		602,881,559	553,700,811	60,608,671	170,573,304
Total current assets		23,839,491,023	28,349,366,319	10,546,074,676	13,430,388,552
Non-current assets					
Fixed deposits pledged as collateral	11	2,143,358	12,139,002	-	-
Long-term loans to subsidiaries	6	-	-	1,775,664,000	1,625,730,000
Investments in subsidiaries	12	-	-	18,499,227,048	18,153,388,548
Investments in associates	13	394,919,332	367,990,023	157,568,800	157,568,800
Investment in joint venture	14	406,381,384	362,012,280	134,716,526	134,716,526
Long-term investments	15	136,498,052	153,299,352	136,182,449	152,097,250
Investment properties	16	201,527,752	188,910,160	75,663,125	75,663,125
Property, plant and equipment	17	24,456,054,330	24,189,691,410	9,093,221,983	8,944,117,159
Rubber and palm plantations	18	2,051,492,015	1,832,376,416	8,310,123	4,343,101
Intangible assets	19	420,687,887	459,793,735	395,579,708	440,581,393
Goodwill	20	2,953,782,343	2,953,782,343	-	-
Withholding tax deducted at source		599,119,453	574,760,228	457,692,522	455,811,324
Deferred tax assets - net	30	236,109,672	197,989,016	-	-
Other non-current assets		49,898,651	65,671,088	17,043,732	20,504,590
Total non-current assets		31,908,614,229	31,358,415,053	30,750,870,016	30,164,521,816
Total assets		55,748,105,252	59,707,781,372	41,296,944,692	43,594,910,368

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of financial position (continued) As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	21	2,674,039,354	2,614,839,606	1,417,779,403	1,719,257,283
Short-term borrowings from financial institutions	22	15,616,386,620	21,786,026,285	11,320,258,000	14,754,529,000
Current portions of:					
- Long-term borrowings from financial institutions	22	1,260,000,000	420,654,000	965,000,000	300,000,000
- Debentures	22	810,000,000	600,000,000	810,000,000	600,000,000
- Finance lease liabilities	22	16,248,192	13,167,077	3,785,801	4,092,254
Short-term loans from subsidiaries	6	-	-	300,000,000	-
Income tax payable		186,693,776	153,519,811	-	-
Derivative financial instruments	10	171,403,131	231,242,576	111,332,231	198,130,309
Other current liabilities		37,206,877	37,026,162	17,505,972	18,144,656
Total current liabilities		20,771,977,950	25,856,475,517	14,945,661,407	17,594,153,502
Non-current liabilities					
Non-current portions of:					
- Long-term borrowings from financial institutions	22	7,344,386,000	7,193,710,000	3,989,386,000	4,313,710,000
- Debentures	22	1,455,000,000	2,265,000,000	1,455,000,000	2,265,000,000
- Finance lease liabilities	22	25,149,089	27,521,245	5,755,749	9,541,549
Deferred tax liabilities - net	30	687,734,888	745,028,559	80,088,388	91,236,924
Provision for retirement benefit obligations	23	329,015,471	308,188,201	118,115,622	93,046,446
Other non-current liabilities		35,067,391	34,966,411	-	-
Total non-current liabilities		9,876,352,839	10,574,414,416	5,648,345,759	6,772,534,919
Total liabilities		30,648,330,789	36,430,889,933	20,594,007,166	24,366,688,421

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of financial position (continued) As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital	24				
Registered					
1,535,999,998 ordinary shares		<u>1,535,999,998</u>	<u>1,536,000,000</u>	<u>1,535,999,998</u>	<u>1,536,000,000</u>
(2017: 1,536,000,000 shares) of Baht 1 each					
Issued and fully paid					
1,535,999,998 ordinary shares of Baht 1 each		1,535,999,998	1,535,999,998	1,535,999,998	1,535,999,998
Premium on ordinary shares		10,851,951,634	10,851,951,634	10,851,951,634	10,851,951,634
Deduction arising from acquisition of additional interest					
in subsidiaries from non-controlling interests		(173,134,488)	(173,134,488)	-	-
Retained earnings					
Appropriated - statutory reserve	26	153,600,000	128,000,000	153,600,000	128,000,000
Unappropriated		9,019,096,813	7,165,408,573	6,092,271,684	4,751,554,758
Other components of shareholders' equity					
Surplus on revaluation of assets					
- net of accumulated depreciation	25	4,102,659,313	4,049,446,188	2,057,910,140	1,944,873,058
Surplus on changes in value of					
available-for-sale investments		11,224,468	16,432,908	11,204,070	15,842,499
Exchange differences on translation of					
financial statements in foreign currency		(796,207,126)	(666,077,422)	-	-
Equity attributable to owners of the Company		24,705,190,612	22,908,027,391	20,702,937,526	19,228,221,947
Non-controlling interests of the subsidiaries		<u>394,583,851</u>	<u>368,864,048</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>25,099,774,463</u>	<u>23,276,891,439</u>	<u>20,702,937,526</u>	<u>19,228,221,947</u>
Total liabilities and shareholders' equity		<u>55,748,105,252</u>	<u>59,707,781,372</u>	<u>41,296,944,692</u>	<u>43,594,910,368</u>
		-	-	-	-

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of comprehensive income For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit or loss:					
Revenues from sales of goods and services		73,492,800,990	89,386,993,929	41,127,898,853	52,043,740,465
Cost of sales and services		(66,385,268,623)	(85,610,561,379)	(37,597,759,009)	(51,196,015,886)
Gross profit		7,107,532,367	3,776,432,550	3,530,139,844	847,724,579
Other income	27	237,734,502	683,709,498	158,924,231	205,546,839
Dividend income		1,771,494	1,805,041	1,066,737,907	4,827,098,743
Selling expenses		(3,532,511,423)	(3,467,108,936)	(2,546,999,895)	(2,454,094,311)
Administrative expenses		(1,715,354,638)	(2,391,953,935)	(668,512,879)	(817,600,146)
Gain (loss) on exchange rates - net		(252,249,127)	522,061,538	(34,188,589)	390,188,554
Gain on change in fair value from investment reclassification	12.1.1	-	223,626,008	-	-
Gain on change in fair value from disposals of investments in associates and general investment	12.1.1	-	132,699,762	-	-
Gain from disposals of investments in associates and general investment		-	-	-	217,824,854
Gain on change in fair value of investment properties		13,367,351	47,893,375	-	47,893,375
Other gain (loss) - net	28	1,189,932,249	99,514,766	534,053,027	(88,165,844)
Operating profit (loss)		3,050,222,775	(371,320,333)	2,040,153,646	3,176,416,643
Share of profit from investments in associates and joint ventures		223,703,413	129,841,447	-	-
Profit (loss) before finance income and finance cost and tax income (expense)		3,273,926,188	(241,478,886)	2,040,153,646	3,176,416,643
Finance income		28,721,958	49,660,662	113,276,886	117,239,265
Finance cost		(915,685,615)	(1,206,093,030)	(533,211,699)	(751,216,541)
Profit (loss) before tax income (expense)		2,386,962,531	(1,397,911,254)	1,620,218,833	2,542,439,367
Tax income (expense)	30	(240,988,671)	(20,630,081)	52,920,664	126,037,063
Profit (loss) for the year		2,145,973,860	(1,418,541,335)	1,673,139,497	2,668,476,430
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of financial statements in foreign currency		(137,175,355)	(390,899,513)	-	-
Gain (loss) on change in value of available-for-sale investments - net of income tax		(5,208,440)	3,677,294	(4,638,429)	3,608,454
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(142,383,795)	(387,222,219)	(4,638,429)	3,608,454
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Changes in revaluation of assets - net of income tax		240,462,061	2,848,898,073	202,806,157	1,423,477,027
Actuarial gain (loss) - net of income tax		11,681,484	(17,921,651)	(12,591,646)	7,963
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		252,143,545	2,830,976,422	190,214,511	1,423,484,990
Other comprehensive income for the year		109,759,750	2,443,754,203	185,576,082	1,427,093,444
Total comprehensive income for the year		2,255,733,610	1,025,212,868	1,858,715,579	4,095,569,874

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of comprehensive income (continued) For the year ended 31 December 2018

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit (loss) attributable to:					
Owners of the Company		2,064,357,820	(1,437,050,885)	<u>1,673,139,497</u>	<u>2,668,476,430</u>
Non-controlling interests of the subsidiaries		<u>81,616,040</u>	<u>18,509,550</u>		
		<u>2,145,973,860</u>	<u>(1,418,541,335)</u>		
Total comprehensive income attributable to:					
Owners of the Company		2,181,163,220	1,015,529,859	<u>1,858,715,579</u>	<u>4,095,569,874</u>
Non-controlling interests of the subsidiaries		<u>74,570,390</u>	<u>9,683,009</u>		
		<u>2,255,733,610</u>	<u>1,025,212,868</u>		
Earnings per share	32				
Basic earnings per share					
Profit (loss) attributable to owners of the Company		<u>1.34</u>	<u>(1.05)</u>	<u>1.09</u>	<u>1.95</u>

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company					Other components of shareholders' equity				
	Issued and paid-up share capital	Premium on ordinary shares	Deduction arising from acquisition of additional interest in subsidiaries from non-controlling interests	Retained earnings		Other comprehensive income				Total equity attributable to owners of the Company
				Appropriated - statutory reserve	Unappropriated reserve	Surplus on revaluation of assets - net of accumulated depreciation	Surplus on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	
Balance as at 1 January 2017	1,280,000,000	8,550,989,821	(173,134,488)	128,000,000	9,036,069,449	1,296,859,775	12,755,614	(284,004,430)	1,025,610,939	19,847,535,721
Loss for the year	-	-	-	-	(1,437,050,885)	-	-	-	-	(1,437,050,885)
Other comprehensive income for the year	-	-	-	-	(17,921,651)	2,848,898,073	3,677,294	(382,072,972)	2,470,502,395	2,452,580,744
Total comprehensive income for the year	-	-	-	-	(1,454,972,536)	2,848,898,073	3,677,294	(382,072,972)	2,470,502,395	1,015,529,859
Depreciation on assets revaluation - net of income tax	-	-	-	-	61,591,416	(61,591,416)	-	-	(61,591,416)	-
Decrease in surplus from sale of assets - net of income tax	-	-	-	-	34,720,244	(34,720,244)	-	-	(34,720,244)	-
Increase paid-up share capital (Note 24)	255,999,998	2,300,961,813	-	-	-	-	-	-	-	2,556,961,811
Dividend paid (Note 35)	-	-	-	-	(512,000,000)	-	-	-	-	(512,000,000)
Dividend paid to non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	(293,100,521)
Increase in non-controlling interests of the subsidiary from investment in subsidiary (Note 12.1.1)	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	1,535,999,998	10,851,951,634	(173,134,488)	128,000,000	7,165,408,573	4,049,446,188	16,432,908	(666,077,422)	3,399,801,674	22,908,027,391
Balance as at 1 January 2018	1,535,999,998	10,851,951,634	(173,134,488)	128,000,000	7,165,408,573	4,049,446,188	16,432,908	(666,077,422)	3,399,801,674	22,908,027,391
Profit for the year	-	-	-	-	2,064,357,820	-	-	-	-	2,064,357,820
Other comprehensive income for the year	-	-	-	-	11,681,484	240,462,061	(5,208,440)	(130,129,704)	105,123,917	116,805,401
Total comprehensive income for the year	-	-	-	-	2,076,039,304	240,462,061	(5,208,440)	(130,129,704)	105,123,917	2,181,163,221
Depreciation on assets revaluation - net of income tax	-	-	-	-	185,133,214	(185,133,214)	-	-	(185,133,214)	-
Decrease in surplus from sale of assets - net of income tax	-	-	-	-	2,115,722	(2,115,722)	-	-	(2,115,722)	-
Dividend paid (Note 35)	-	-	-	-	(384,000,000)	-	-	-	-	(384,000,000)
Dividend paid to non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	(48,850,587)
Transferred unappropriated retained earnings to statutory reserve	-	-	-	25,600,000	(25,600,000)	-	-	-	-	-
Balance as at 31 December 2018	1,535,999,998	10,851,951,634	(173,134,488)	153,600,000	9,019,096,813	4,102,659,313	11,224,468	(796,207,126)	3,317,676,655	24,705,190,612
										394,583,851
										25,099,774,463

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

Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements							
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other components of shareholders' equity		
			Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets - net of accumulated depreciation	Other comprehensive income		
						Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity	
								Total shareholders' equity
Balance as at 1 January 2017	1,280,000,000	8,550,989,821	128,000,000	2,563,639,402	552,826,994	12,234,045	565,061,039	13,087,690,262
Profit for the year	-	-	-	2,668,476,430	-	-	-	2,668,476,430
Other comprehensive income for the year	-	-	-	7,963	1,423,477,027	3,608,454	1,427,085,481	1,427,093,444
Total comprehensive income for the year	-	-	-	2,668,484,393	1,423,477,027	3,608,454	1,427,085,481	4,095,569,874
Depreciation on assets revaluation - net of income tax	-	-	-	31,430,963	(31,430,963)	-	(31,430,963)	-
Increase paid-up share capital (Note 24)	255,999,998	2,300,961,813	-	-	-	-	-	2,556,961,811
Dividend paid (Note 35)	-	-	-	(512,000,000)	-	-	-	(512,000,000)
Balance as at 31 December 2017	1,535,999,998	10,851,951,634	128,000,000	4,751,554,758	1,944,873,058	15,842,499	1,960,715,557	19,228,221,947
Balance as at 1 January 2018	1,535,999,998	10,851,951,634	128,000,000	4,751,554,758	1,944,873,058	15,842,499	1,960,715,557	19,228,221,947
Profit for the year	-	-	-	1,673,139,497	-	-	-	1,673,139,497
Other comprehensive income for the year	-	-	-	(12,591,646)	202,806,157	(4,638,429)	198,167,728	185,576,082
Total comprehensive income for the year	-	-	-	1,660,547,851	202,806,157	(4,638,429)	198,167,728	1,858,715,579
Depreciation on assets revaluation - net of income tax	-	-	-	89,375,100	(89,375,100)	-	(89,375,100)	-
Decrease in surplus from sale of assets - net of income tax	-	-	-	393,975	(393,975)	-	(393,975)	-
Dividend paid (Note 35)	-	-	-	(384,000,000)	-	-	-	(384,000,000)
Transferred unappropriated retained earnings to statutory reserve	-	-	25,600,000	(25,600,000)	-	-	-	-
Balance as at 31 December 2018	1,535,999,998	10,851,951,634	153,600,000	6,092,271,684	2,057,910,140	11,204,070	2,069,114,210	20,702,937,526

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Cash flow statement For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before income tax	2,386,962,531	(1,397,911,254)	1,620,218,833	2,542,439,367
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Unrealised loss (gain) on exchange rates	39,840,692	(52,260,725)	51,619,415	101,541,537
Unrealised loss (gain) on revaluation of derivative financial instrument	288,498,140	(666,635,772)	136,643,248	(499,075,748)
Allowance for doubtful accounts (reversal)	(7,614,187)	6,023,573	(5,784,853)	5,784,853
Reduction of inventory cost to net realisable value (reversal)	(172,328,099)	343,697,549	(160,654,815)	236,074,377
Reversal of allowance for damaged inventories from fire accident	-	(41,593,901)	-	-
Provision for retirement benefit obligations	41,693,423	28,036,190	11,392,018	10,986,907
Depreciation	2,309,216,350	1,783,658,404	836,196,669	709,129,282
Amortisation - rubber and palm plantations	4,000,214	4,239,312	281,189	283,335
Amortisation - intangible assets	70,280,472	64,489,510	58,436,839	56,360,898
Impairment loss from assets revaluation (reversal)	13,208,270	24,012,044	(175,950)	(15,650,331)
Impairment loss on long-term investments	10,000,000	-	10,000,000	-
Write-off withholding tax deducted at source	516,187	-	516,187	-
Finance cost	915,685,615	1,206,093,030	533,211,699	751,216,541
Finance income	(28,721,958)	(49,660,662)	(113,276,886)	(117,239,265)
Dividend income	(1,771,494)	(1,805,041)	(1,066,737,907)	(4,827,098,743)
Share of profit from investments in associates and joint ventures	(223,703,413)	(129,841,447)	-	-
Loss (gain) on disposal and write-off of machinery, equipment and intangible assets	12,876,030	788,247	4,066,295	(3,888,880)
Gain on change in fair value from disposals of investments	-	(132,699,762)	-	-
Gain from disposal of investments in associates and general investment	-	-	-	(217,824,854)
Gain on change in fair value from investment reclassification	-	(223,626,008)	-	-
Gain on change in fair value of investment properties	(13,367,351)	(47,893,375)	-	(47,893,375)
Gain from account receivables, which were repayments for land and buildings	-	(16,711,862)	-	(5,491,530)
Insurance claim income from fire accident	-	(306,810,556)	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	5,645,271,422	393,587,494	1,915,951,981	(1,320,345,629)
Operating assets (increase) decrease				
Trade and other receivables	1,499,557,553	2,344,944,654	870,441,298	(618,612,902)
Amounts due from future brokers	(165,735,100)	(176,618,284)	(15,122,617)	6,803,382
Inventories	4,983,887,132	4,858,293,130	1,776,807,578	2,944,931,916
Other current assets	53,942,657	(200,983,980)	109,964,633	(169,905,412)
Other non-current assets	16,063,185	(8,218,443)	3,577,623	109,309,862
Operating liabilities increase (decrease)				
Trade and other payables	95,736,466	(1,595,469,941)	(281,743,885)	(46,270,779)
Other current liabilities	180,715	(22,526,889)	(638,684)	(9,328,234)
Provision for retirement benefit obligations	(4,636,768)	(5,773,640)	(2,062,400)	(1,877,280)
Cash flows provided by operating activities	12,124,267,262	5,587,234,101	4,377,175,527	894,704,924
Cash paid for interest expenses	(934,088,264)	(1,196,667,328)	(537,971,014)	(753,431,974)
Cash received for interest income	38,889,301	49,660,662	131,137,292	117,659,458
Cash received from income tax	73,908,415	5,652,244	71,753,763	-
Cash paid for income tax	(574,666,743)	(401,465,308)	(78,773,040)	(112,052,812)
Net cash flows provided by operating activities	10,728,309,971	4,044,414,371	3,963,322,528	146,879,596

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Cash flow statement (continued) For the year ended 31 December 2018

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Decrease in fixed deposits pledged as collateral	9,995,644	181,478	-	-
Dividends received	154,176,494	2,299,872,940	1,066,737,907	4,827,098,743
Cash received from repayment of long-term loan to a subsidiary	-	-	883,600,000	540,000,000
Increase in long-term loan to a subsidiary	-	-	(893,203,600)	(1,178,981,500)
Cash paid for investment in a subsidiary	-	(5,129,542,633)	(345,838,500)	(6,803,543,256)
Cash received from disposal of investments in associates and a general investment	-	689,389,350	-	689,389,350
Cash paid for long-term investment	-	(100,000,000)	-	(100,000,000)
Cash received from disposal of machinery, equipment and intangible assets	50,153,403	165,899,521	5,905,425	21,033,753
Cash paid for purchases of property, plant and equipment, rubber and palm plantations and intangible assets	(2,785,687,160)	(3,166,765,899)	(767,045,545)	(1,085,402,494)
Net cash flows used in investing activities	(2,571,361,619)	(5,240,965,243)	(49,844,313)	(3,090,405,404)
Cash flows from financing activities				
Increase (decrease) in short-term borrowings from financial institutions	(5,962,682,758)	(2,165,567,864)	(3,434,271,000)	416,299,000
Increase in short-term loan from a subsidiary	-	-	600,000,000	500,000,000
Repayment of short-term loan from a subsidiary	-	-	(300,000,000)	(500,000,000)
Proceeds from long-term borrowings	2,279,400,000	4,172,362,500	629,400,000	1,172,362,500
Repayments of long-term borrowings	(1,300,654,000)	(1,886,404,000)	(300,000,000)	(765,000,000)
Repayments of debentures	(600,000,000)	-	(600,000,000)	-
Repayments of finance lease liabilities	(10,245,244)	(6,281,080)	(4,092,253)	(3,944,159)
Dividend paid	(391,719,308)	(506,131,898)	(391,719,308)	(506,131,898)
Dividend paid to non-controlling interests of the subsidiaries	(48,850,588)	(293,100,521)	-	-
Proceeds from increase in share capital	-	2,556,961,811	-	2,556,961,811
Net cash flows provided by (used in) financing activities	(6,034,751,898)	1,871,838,948	(3,800,682,561)	2,870,547,254
Decrease in translation adjustments	(166,795,662)	(108,007,210)	-	-
Net increase (decrease) in cash and cash equivalents	1,955,400,792	567,280,866	112,795,654	(72,978,554)
Cash and cash equivalents at beginning of the year	2,241,899,673	1,674,618,807	269,018,868	341,997,422
Cash and cash equivalents at end of the year	4,197,300,465	2,241,899,673	381,814,522	269,018,868

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

Sri Trang Agro-Industry Public Company Limited and its subsidiaries

Notes to consolidated financial statements For the year ended 31 December 2018

1. General information

Sri Trang Agro-Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of natural rubber products such as ribbed smoked sheets, concentrated latex, block rubber, gloves and other products. In addition, the Group provides engineering and logistics services. The registered office of the Company is at 10 Soi 10, Phetkasem Road, Hat Yai, Songkhla, Thailand.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Sri Trang Agro-Industry Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (%)	2017 (%)
Subsidiaries				
Sri Trang USA, Inc.	Distribution of rubber products	USA	100.00	100.00
PT Sri Trang Lingga Indonesia	Manufacture of 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
Namhwa 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.	Investment holding	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
Sri Trang Gloves (Thailand) Co., Ltd.	Manufacture of medical gloves	Thailand	90.23	90.23

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (%)	2017 (%)
Indirect subsidiaries				
Sri Trang International Pte Ltd. (Held by Startex Rubber Co., Ltd.)	Distribution of rubber products	Singapore	99.99	99.99
Shi Dong Investments Pte Ltd. (Held by Sri Trang International Pte Ltd.)	Investment holding	Singapore	99.99	99.99
PT Star Rubber (Held by Shi Dong Investments Pte Ltd.)	Manufacture of block rubber	Indonesia	98.99	98.99
Sri Trang Indochina (Vietnam) Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Distribution of rubber products	Vietnam	99.99	99.99
Sri Trang Ayeyar Rubber Industry Co., Ltd. (Held by Sri Trang International Pte Ltd.)	Manufacture of block rubber products	Myanmar	58.99	58.99
Shidong Shanghai Medical Equipment Co., Ltd. (Held by Startex Rubber Co., Ltd.)	Distribution of gloves	China	99.99	99.99

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

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Group adopted the revised financial reporting standards and interpretations (revised 2017) which were effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards did not have any significant impact on the Group’s financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017) Construction contracts

TAS 18 (revised 2017) Revenue

TSIC 31 (revised 2017) Revenue - Barter Transactions
Involving Advertising Services

TFRIC 13 (revised 2017) Customer Loyalty Programmes

TFRIC 15 (revised 2017) Agreements for the Construction of
Real Estate

TFRIC 18 (revised 2017) Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Group has determined that this standard does not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows.

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign
Operation

TFRIC 19 Extinguishing Financial Liabilities with
Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the entity's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

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

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Rental income

Rental income is recognised on an accrual basis based on a straight-line basis over the lease term.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined by 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, allowances or rebates.

The cost of finished goods and work in process are measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads based on the normal operating capacity, but excluding borrowing costs. Raw materials, chemicals, spare parts and factory supplies are charged to production costs whenever consumed.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Allowance is made for obsolete, slow-moving and defective inventories.

4.5 Investments

a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

e) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

f) Investments in subsidiaries, joint ventures and associates in the separate financial statements are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value estimated by an independent appraiser. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

When there is a change in the use of investment property, if the investment property recorded at fair value is transferred to owner-occupied property or inventory, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property recorded at fair value, any difference between the carrying amount of the property and its fair value at the date of the change in use is treated in the same manner as a revaluation, in accordance with the stated accounting policy for property, plant and equipment.

4.7 Property, plant and equipment and depreciation

Land is stated at revalued amount. Building and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of asset (if any).

Such subsequent cost may include the cost of replacing part of the buildings and equipment, only when it is probable that future economic benefits are expected from its use 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 repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "*Revaluation surplus*". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "*Revaluation surplus*" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

Land improvements	- 5 - 30 years
Buildings and structures	- 20 - 40 years
Machinery and equipment	- 5 - 10 years
Furniture, fixtures and office equipment	- 3 - 5 years
Motor vehicles	- 5 years

Depreciation is included in profit or loss.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

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

4.8 Rubber and palm plantations

Bearer plants, which consist of rubber trees for extraction of latex and oil palm trees in the plantations, are stated at cost less accumulated amortisation and allowance for impairment, if any.

Costs mainly comprise costs of land clearing, land terracing and drainage, planting, weeding and fertilizing, which are incurred from the immature period until the rubber trees and palms trees are ready for commercial harvesting at approximately 7 years for rubbers and 2 - 3 years for palms, and are capitalized as rubber and palm plantation costs. The Group amortises these costs to costs of production after the rubber and palm are commercially harvested, using a straight-line basis, over a period of 25 years.

No amortisation is provided on immature rubber and palm plantation costs.

Biological assets consist of latex produced inside the rubber trees and palm fruit on trees, and are measured at their fair value less costs to sell at the point of harvest.

Agricultural produce is rubber latex and harvested palm fruit which are measured at their fair value less costs to sell at the point of harvest.

Gains or losses on changes in fair value of biological assets and agricultural produce are recognised in profit or loss.

4.9 Borrowings and borrowing costs

Borrowings comprising borrowings from financial institutions and debentures 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 borrowings facilities are recognised as transaction costs of the borrowings 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 period.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

	Useful lives
Computer software	3 - 10 years

4.11 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For each business combination, the Group measures the recognised amount of any non-controlling interest in the acquiree at either the fair value or the non-controlling interest's proportionate share of the net of identifiable assets of the acquiree.

In the case of a business combination achieved in stages, the Group measures the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and recognised gains or losses in profit or loss.

Costs related to the acquisition are recognised as expenses when incurred.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount

of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies, joint ventures and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

4.13 Long-term leases - where the Group is the lessee

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gain and loss on exchange are included in profit or loss.

4.15 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where property and plant was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, a reversal of that impairment loss is recognised in profit or loss but shall not exceed the impairment loss was previously recognised in profit or loss, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law of each country. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the entity recognises restructuring-related costs.

4.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.19 Derivatives

Derivative financial instruments comprise cross currency swaps, foreign exchange options, forward foreign exchange contracts, rubber options, rubber futures and physical forward contracts.

The Group does not apply hedge accounting for derivatives.

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 gains or losses are recognised in profit or loss during the year. Derivative financial instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows.

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Investment properties

The Group presents investment properties at the fair value estimated by independent appraisers, and recognises changes in the fair value in profit or loss. The valuation involves certain assumptions and estimates.

Property, plant and equipment

The Group measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the income approach for buildings. The valuation involves certain assumptions and estimations.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

6. Related party transactions

During the year, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Transactions with subsidiaries				
Sales of goods	-	-	5,313,282	5,608,396
Purchases of goods	-	-	4,537,379	10,684,226
Service income	-	-	158,188	185,705
Dividend income	-	-	930,499	2,964,166
Rental income	-	-	251	244
Interest income	-	-	112,610	82,039
Service expenses	-	-	634,391	839,124
Rental expenses	-	-	4,458	799
Interest expenses	-	-	1,790	-
Transactions with associates				
Sales of goods	25,422	26,682	-	-
Purchases of goods	182	78	15	9
Service income	34,690	19,637	9,636	9,246
Dividend income	152,405	621,486	134,475	548,370
Rental income	400	400	-	-
Service expenses	9	1,680	-	-
Transactions with joint ventures				
Sales of goods	-	786,965	-	293,032
Purchases of goods	2,112,983	3,725,520	64,008	237,114
Service income	10,731	48,903	10,710	21,670
Dividend income	-	1,676,581	-	1,312,760
Rental income	-	5,458	-	-
Transactions with related company¹				
Sales of goods	172,735	-	170,416	-
Purchases of goods	557,797	-	85,089	-
Service income	15,990	-	1,489	-
Service expenses	2,787	-	-	-

The pricing policies of the Group are as follows.

- (1) Sales/purchases of goods are made at market prices or reference to market prices
- (2) Service and rental income/expenses are based on contract prices
- (3) Dividend income is made with announced payment rate
- (4) Interest income/expenses are charged at rates with reference to loan agreements

Outstanding balances arising from sales/purchases of goods/services and other income

As at 31 December 2018 and 2017, the balances of the accounts between the Group and those related parties were as follows.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable (Note 8)				
Subsidiaries	-	-	945,984	774,251
Associates	3,797	4,138	784	715
Joint venture	-	2	-	-
Related company ¹	24,941	-	16,386	-
	<u>28,738</u>	<u>4,140</u>	<u>963,154</u>	<u>774,966</u>
Advance payments for goods (Note 8)				
Subsidiaries	-	-	45,222	4,914
Related company ¹	153	-	153	-
	<u>153</u>	<u>-</u>	<u>45,375</u>	<u>4,914</u>
Accrued income (Note 8)				
Subsidiaries	-	-	14,267	28,285
Associates	406	561	-	-
Related company ¹	79,850	-	-	-
	<u>80,256</u>	<u>561</u>	<u>14,267</u>	<u>28,285</u>
Advance payments (Note 8)				
Subsidiaries	-	-	3,146	9,259
Associates	2	-	2	-
	<u>2</u>	<u>-</u>	<u>3,148</u>	<u>9,259</u>
Other receivables (Note 8)				
Subsidiaries	-	-	976	756
Associates	883	807	-	-
Joint venture	818	-	818	-
Related company ¹	389	-	157	-
	<u>2,090</u>	<u>807</u>	<u>1,951</u>	<u>756</u>
Trade accounts payable (Note 21)				
Subsidiaries	-	-	373,139	791,558
Associates	-	16	-	-
Joint venture	17,917	179,717	-	-
Related company ¹	46,193	-	9,941	-
	<u>64,110</u>	<u>179,733</u>	<u>383,080</u>	<u>791,558</u>
Accrued expenses (Note 21)				
Subsidiaries	-	-	35,890	5,000
	<u>-</u>	<u>-</u>	<u>35,890</u>	<u>5,000</u>
Deferred income (Note 21)				
Related company ¹	6,940	-	-	-
	<u>6,940</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Other payables (Note 21)				
Subsidiaries	-	-	17,892	50,159
Associates	-	4	-	-
Related company ¹	383	-	-	-
	<u>383</u>	<u>4</u>	<u>17,892</u>	<u>50,159</u>

¹Thaikong Public Company Limited as described in Note 12.2.2 to the financial statements.

Outstanding balances arising from loans to subsidiaries

As at 31 December 2018 and 2017, the balances of loans between the Company and subsidiaries were as follows.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Interest receivables (Note 8)				
Subsidiaries	-	-	2,621	9,969
Long-term loans				
Subsidiaries	-	-	2,518,214	2,541,603

As at 31 December 2018 and 2017, long-term loans to subsidiaries were unsecured and were summarised as below.

Separate financial statements As at 31 December 2018 Principle					
Relationship	Million USD	(Equivalent) Million Baht	Interest rates %	Borrowing periods	
PT Sri Trang Lingga Indonesia	A direct subsidiary	45	1,453	4.18 - 4.30	3 Years
PT Star Rubber	An indirect subsidiary	33	1,065	4.18 - 5.05	1 - 3 Years
Total	78	2,518			

Separate financial statements As at 31 December 2017 Principle					
Relationship	Million USD	(Equivalent) Million Baht	Interest rates %	Borrowing periods	
PT Sri Trang Lingga Indonesia	A direct subsidiary	50	1,627	3.33 - 4.30	3 - 5 Years
PT Star Rubber	An indirect subsidiary	28	915	2.65 - 4.18	2 - 5 Years
Total	78	2,542			

Movements in the balance of long-term loans to subsidiaries during the year ended 31 December 2018 were as follows.

	(Unit: Thousand Baht) Separate financial statements				
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Unrealised loss on exchange rate	Balance as at 31 December 2018
Long-term loans					
Subsidiaries	2,541,603	893,204	(883,600)	(32,993)	2,518,214

Outstanding balances arising from a loan from a subsidiary

Movements in the balance of a short-term loan from a subsidiary during the year ended 31 December 2018 were as follows.

	(Unit: Thousand Baht) Separate financial statements			
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Short-term loan				
Subsidiary	-	600,000	(300,000)	300,000

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Group had employee benefit expenses of its directors and management as below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	258,264	204,378	51,247	43,631
Post-employment benefits	5,758	3,567	1,287	1,246
Total	264,022	207,945	52,534	44,877

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 36.3.1 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	12,910	109,973	4,450	23,281
Bank deposits	4,184,390	2,131,927	377,365	245,738
Total	4,197,300	2,241,900	381,815	269,019

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 3.50 percent per annum (2017: between 0.10 and 4.50 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2561	2560	2561	2560
Trade accounts receivable - related parties (Note 6)				
Aged on the basis of due dates				
Not yet due	28,380	4,138	876,843	767,717
Past due				
Up to 30 days	358	-	83,311	14
31 - 60 days	-	2	876	1
61 - 90 days	-	-	519	-
91 - 120 days	-	-	-	-
121 - 365 days	-	-	1,605	7,234
Over 365 days	-	-	-	-
Total trade accounts receivable - related parties, net	28,738	4,140	963,154	774,966

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	4,566,862	5,392,887	1,851,651	2,428,577
Past due				
Up to 30 days	445,065	832,691	191,475	629,149
31 - 60 days	22,505	50,049	14,385	26,301
61 - 90 days	25,926	24,029	4,122	13,499
91 - 120 days	-	13,486	-	10,180
121 - 365 days	35,084	15,832	34,513	11,452
Over 365 days	54,044	55,332	47,553	40,537
Total	5,149,486	6,384,306	2,143,699	3,159,695
Less: Allowance for doubtful debts	(41,442)	(49,056)	(27,636)	(33,421)
Total trade accounts receivable - unrelated parties, net	5,108,044	6,335,250	2,116,063	3,126,274
Total trade accounts receivable, net	5,136,782	6,339,390	3,079,217	3,901,240
Other receivables				
Advance payments for goods - related parties				
(Note 6)	153	-	45,375	4,914
Advance payments for goods - unrelated parties	256,820	169,166	11,459	74,620
Prepaid expenses	113,630	199,790	39,663	64,276
Interest receivables - related parties				
(Note 6)	-	-	2,621	9,969
Accrued income - related parties				
(Note 6)	80,256	561	14,267	28,285
Accrued income - unrelated parties	32,186	36,098	28,845	15,414
Advance payments - related parties				
(Note 6)	2	-	3,148	9,259
Advance payments - unrelated parties	29,097	39,960	4,831	2,666
Other receivables - related parties (Note 6)	2,090	807	1,951	756
Other receivables - unrelated parties	40,997	426,536	1,766	11,094
Total other receivables	555,231	872,918	153,926	221,253
Total trade and other receivables, net	5,692,013	7,212,308	3,233,143	4,122,493

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduction of cost to net realisable value		Inventories, net	
	2018	2017	2018	2017	2018	2017
Finished goods	4,038,359	6,911,670	(99,937)	(316,017)	3,938,422	6,595,653
Work in process	3,639,983	3,845,619	(118,272)	(85,419)	3,521,711	3,760,200
Raw materials, packaging and chemicals	4,545,867	6,487,633	(11,153)	(5,724)	4,534,714	6,481,909
Spare parts and supplies	332,546	372,348	(15,973)	(87,131)	316,573	285,217
Total	12,556,755	17,617,270	(245,335)	(494,291)	12,311,420	17,122,979

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduction of cost to net realisable value		Inventories, net	
	2018	2017	2018	2017	2018	2017
Finished goods	1,798,791	3,079,210	(31,681)	(232,449)	1,767,110	2,846,761
Work in process	1,802,141	1,989,626	(41,406)	(7,233)	1,760,735	1,982,393
Raw materials, packaging and chemicals	2,488,170	2,795,540	(6,228)	(287)	2,481,942	2,795,253
Spare parts and supplies	53,793	55,325	-	-	53,793	55,325
Total	6,142,895	7,919,701	(79,315)	(239,969)	6,063,580	7,679,732

During the current year, the Group reversed the write-down of cost of inventories by Baht 172 million (2017: Reduced cost of inventories Baht 344 million, to reflect the net realisable value. This was included in cost of sales.) (The Company only: Baht 161 million (2017: Reduced cost of inventories Baht 236 million, to reflect the net realisable value. This was included in cost of sales.)), and reduced the amount of inventories recognised as expenses during the year.

Additional information

Information on inventory balances of the Group, for only ribbed smoked sheets, concentrated latex and block rubber, are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Inventories at net realisable value (NRV)*	10,411,061	15,979,154	5,886,610	7,773,263
Inventories at lower of cost or net realisable value (NRV) - as measured and included in the financial statements	10,201,733	15,394,383	5,793,784	7,467,859
Difference	209,328	584,771	92,826	305,404

* For reporting purposes, inventories are stated at the lower of cost or net realisable value, while for inventory management purposes the Group uses net realisable value (NRV) which is the estimated selling price in the ordinary course of business less the necessary costs of completion and cost to make the sale. The use of different valuation methods for these two purposes resulted in a difference at the reporting date.

Under Thai Financial Reporting Standards, such differences are not allowed to be recognised in the profit and loss until the inventories are actually sold. The amount of such difference changes over time depending on the actual price at the time of sale.

10. Derivative financial instruments

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Cross currency swaps	-	(4,479)	23,778	(55,844)
Foreign exchange options	641	(14,483)	-	(65,293)
Rubber options	127	(157)	14,161	(58,646)
Forward foreign exchange contracts	10,642	(45,743)	113,261	(5,183)
Rubber futures	45,413	(106,524)	256,739	(45,338)
Physical forward contracts	2,778	(17)	-	(939)
Total derivative financial instruments	59,601	(171,403)	407,939	(231,243)

(Unit: Thousand Baht)

Separate financial statements

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Cross currency swaps	-	(4,479)	23,778	(55,844)
Foreign exchange options	641	(11,394)	-	(48,665)
Rubber options	127	(157)	14,161	(58,646)
Forward foreign exchange contracts	1,569	-	64,804	(971)
Rubber futures	30,742	(95,302)	153,777	(34,004)
Total derivative financial instruments	33,079	(111,332)	256,520	(198,130)

11. Restricted bank deposits

As at 31 December 2018, the subsidiaries had fixed deposits pledged as collateral amounting to Baht 2 million (2017: Baht 12 million).

Fixed deposits, which were opened with a bank on behalf of the subsidiary, were pledged as collateral for contract compliance with government agencies.

12. Investments in subsidiaries

12.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Million Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
Subsidiaries								
Sri Trang USA, Inc.	179	114	100.00	100.00	179	114	-	-
PT Sri Trang Lingga Indonesia	359	359	90.00	90.00	330	330	-	-
Anvar Parawood Co., Ltd.	10	10	99.94	99.94	26	26	-	-
Rubberland Products Co., Ltd.	1,600	1,600	99.99	99.99	1,935	1,935	500	500
Namhwa Rubber Co., Ltd.	500	500	99.99	99.99	560	560	-	-
Sadao P.S. Rubber Co., Ltd.	40	40	99.99	99.99	54	54	-	-
Startex Rubber Co., Ltd.	2,198	2,115	99.99	99.99	2,196	2,113	-	-
Premier System Engineering Co., Ltd.	50	50	82.00	82.00	100	100	-	-
Starlight Express Transport Co., Ltd.	15	15	76.67	76.67	39	39	23	25
Sri Trang Rubber & Plantation Co., Ltd.	6,495	6,298	99.99	99.99	6,495	6,297	-	-
Shi Dong Shanghai Rubber Co., Ltd.	155	155	100.00	100.00	155	155	-	-
Sri Trang Gloves (Thailand) Co., Ltd.	200	200	81.50	81.50	6,430	6,430	408	2,707
Total					18,499	18,153	931	3,232

12.1.1 Details of investments in subsidiary that have material non-controlling interests.

(Unit: Million Baht)								
Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit (loss) allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2018 (%)	2017 (%)	2018	2017	2018	2017	2018	2017
Sri Trang Gloves (Thailand) Co., Ltd.	9.77	9.77	313	270	92	(25)	49	293

12.1.2 Summarised financial information that based on amounts before inter-company elimination of subsidiary that has material non-controlling

(Unit: Million Baht)		
Summarised information about financial position	Sri Trang Gloves (Thailand) Co., Ltd.	
	2018	2017
Current assets	3,326	2,738
Non-current assets	5,062	4,362
Current liabilities	1,473	1,073
Non-current liabilities	3,701	3,254

(Unit: Million Baht)		
Summarised information about comprehensive income	Sri Trang Gloves (Thailand) Co., Ltd. For the years ended 31 December	
	2018	2017
Revenue	10,529	6,866
Profit (loss)	941	(255)
Other comprehensive income	(1)	-
Total comprehensive income	940	(255)

(Unit: Million Baht)		
Summarised information about cash flow	Sri Trang Gloves (Thailand) Co., Ltd. For the years ended 31 December	
	2018	2017
Cash flow provided by (used in) operating activities	1,106	(1,096)
Cash flow provided by (used in) investing activities	(1,360)	1,557
Cash flow provided by financing activities	150	-
Net increase (decrease) in cash and cash equivalents	(104)	461

12.2 Sri Trang Gloves (Thailand) Co., Ltd.

12.2.1 Business acquisition in 2017

On 18 January 2017, the meeting of the Company's Board of Directors passed a resolution to enter into the Umbrella agreement, the Share Sale and Purchase agreement, Call Option agreement between the Company and Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit") which collectively was the Demerger agreement for all associates and joint ventures, in which the Company had invested with Semperit both locally and abroad.

Subsequently on 14 March 2017, the Company's Extraordinary General Meeting of Shareholders No.1/2017 passed the resolution to approve the demerger of associates and joint ventures comprising of:

- (a) The acquisition of the ordinary shares of Siam Sempermed Corporation Ltd.
- (b) The disposal of ordinary shares and investments in associates, including the disposal of shares in Semperflex Asia Corporation Ltd. under the Call Option agreement
- (c) The settlement of various disputes

On 15 March 2017, the Company additionally acquired 10,000 ordinary shares of Siam Sempermed Corporation Ltd. (on 16 March 2017 being changed its name to "Sri Trang Gloves (Thailand) Co., Ltd.") ("Sri Trang Gloves"), joint ventures, representing 50% of paid-up capital of Sri Trang Gloves at a price of USD 180.10 million or approximately Baht 6,367 million from Semperit. As a result of step acquisition, the investments in this company had been classified from joint venture to subsidiary. The shareholding of the Group in this subsidiary changed from 40.23% to 90.23% (held by the Company 81.50% and by Rubberland Products Co., Ltd. (subsidiary) 8.73%).

The management of the Company believed that the acquisition of Sri Trang Gloves was a business combination because the assets acquired and liabilities assumed constitute a business and the Company had control over Sri Trang Gloves in accordance with the definition specified in TFRS 3 Business Combinations. Transactions from business combination are accounted for using purchase method and the Company had included the financial statements of Sri Trang Gloves in the consolidated financial statements since 15 March 2017 (acquisition date).

Under TFRS 3, during the measurement period, which must not exceed one year from the acquisition date, the management was required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date and retrospectively adjust the provisional amounts recognised as at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

In the fourth quarter of the year 2017, the Company completed the assessment of the fair values of the identifiable assets and liabilities of the subsidiary and presented the fair value of the acquirees' identifiable assets and liabilities in the consolidated financial statements for the year ended 31 December 2017.

The following details summarised the consideration transferred for business acquisition. The amounts of the assets acquired and liabilities assumed as recognised at the acquisition date.

(Unit: Thousand Baht)	
Consideration transferred as at 15 March 2017	
Cash paid for Sri Trang Gloves's shares	6,367,133
Cash received from related investment disposals	(689,389)
Fair value of related equity instruments	
- Direct associate: Sempermed USA, Inc. at 25% of capital	187,628
- Direct associate: Semperflex Shanghai Ltd. at 50% of capital	197,854
- Direct associate: Sempermed Singapore Pte. Ltd. at 50% of capital	82,194
- General investment: Shanghai Semperit Rubber & Plastic Products Co., Ltd. at 10% of capital	174,114
Total consideration paid and transferred	6,319,534
Fair value of previously held investment in Sri Trang Gloves prior to the acquisition date	1,987,632
Total consideration	8,307,166

Recognised amounts of identifiable assets acquired and liabilities assumed at the acquisition date

(Unit: Thousand Baht)

Assets	
Cash and cash equivalents	1,237,590
Trade accounts and other receivables	1,194,017
Inventories	1,352,373
Other current assets	45,873
Property, plant and equipment	4,134,827
Intangible assets	6,701
Deferred tax assets	40,386
Other non-current assets	845

(Unit: Thousand Baht)

Liabilities	
Short-term borrowings from financial institutions	500,000
Trade accounts and other payables	1,161,345
Deferred tax liabilities	333,021
Provision for retirement benefit obligations	76,962
Total identifiable net assets	5,941,284
Fair value of non-controlling interests	(587,900)
Goodwill (Note 20)	2,953,782
Total consideration transferred	8,307,166

(Unit: Thousand Baht)

Cash paid for purchase of investment in a subsidiary	6,367,133
Less: Cash and cash equivalents of the subsidiary	(1,237,590)
Net cash paid for purchase of investment in a subsidiary	5,129,543

(Unit: Thousand Baht)

Fair value of previously held investment in Sri Trang Gloves prior to the acquisition date	1,987,632
Less: Carrying value of investment under equity method in Sri Trang Gloves at the acquisition date	(1,764,006)
Gain on change in fair value from investment reclassification	223,626

(Unit: Thousand Baht)

Fair value of transferred equity instruments prior to the acquisition date

Sempermed USA, Inc.	187,628
Semperflex Shanghai Ltd.	197,854
Sempermed Singapore Pte. Ltd.	82,194
Shanghai Semperit Rubber & Plastic Products Co., Ltd.	174,114
Less: Carrying value of investment under equity method in the Company at the acquisition date	(509,090)
Gain from disposals of investments in associates and general investment	132,700

Other significant information related to business acquisition was as follows.

(a) Call Option

The Company granted a call option to Semperit for the acquisition of Semperflex Asia Co., Ltd. totalling 1,615,000 shares, representing 42.50 percent of paid-in capital of Semperflex Asia Co., Ltd. from the Company and its subsidiary, at the exercise price of USD 51 million, and with a condition to pay all dividend from profit contribution after the acquisition date. The exercise period is between 30 June 2019 and 30 June 2021.

(b) Acquired property, plant and equipment

Fair value of acquired property, plant and equipment was Baht 4,135 million which was assessed by an independent appraiser by using the replacement cost method and deducted by accumulated depreciation based on a number of year used.

(c) Non-controlling interests

The Company chose to recognise the non-controlling interests at its fair value for the acquisition of Sri Trang Gloves. The Company measured non-controlling interests from acquiree's identifiable net assets based on proportion of shares held by non-controlling interests.

(d) Revenues and profit contribution

Revenues had been included in the consolidated statement of comprehensive income from 15 March 2017 (The date that the Company assumed control over the acquiree) to 31 December 2017 contributed by acquiree was Baht 6,866 million and also the contributed loss of Baht 255 million, which was included compensation expenses for the demerger of Baht 532 million. If Sri Trang Gloves has been consolidated from 1 January 2017, the consolidated statement of comprehensive income for the period ended 31 December 2017 would show the revenues of Baht 8,815 million and net profit of Baht 315 million, respectively.

(e) Business expenses prior to the demerger

Business expenses prior to the demerger was the compensation for demerger transaction between Sri Trang Gloves and Semperit of USD 15 million, or approximately Baht 532 million which was stated in the related agreements.

(f) Commercial disputes relating to the joint venture agreement

On 15 March 2017, the Company and Semperit successfully completed the demerger of the associates and joint ventures. As a result of this, any disputes and lawsuits which related to arbitration proceedings, and legal proceedings between the Group and Semperit in any courts and arbitrations had been withdrawn or terminated.

12.2.2 Investment in Rubber Glove Manufacturing Business

On 10 July 2018, the Board of Directors Meeting of the Company passed a resolution not to object to the proposed investment by Dr. Viyavood Sincharoenkul ("Dr. Viyavood"), who is the Chairman and Managing Director of the Company, in Thaikong Co., Ltd. ("TK"), which is in the rubber glove manufacturing business, through the acquisition of shares held by Thaikong Group Co., Ltd. ("TKG") by using his own funds. The Board of Directors also passed a resolution to conduct due diligence on TKG and TK as well as to study the investment structure in details. Dr. Viyavood requested the Company to issue a written confirmation of the Company's investment in TK as well as the structure of the investment within 31 December 2018. This granted an exclusive right to the Company to invest in TK, whether directly or indirectly, in order to incorporate TK into the Group, at the cost at which TK's shares were acquired by Dr. Viyavood (including finance costs). Dr. Viyavood also allowed the Company to determine an appropriate structure for the investment. During the decision making period of the Company, Dr. Viyavood undertook not to cause TK to make any dividend payments or reduce its capital. In addition, any transactions between the Group and TK were to be conducted on an arm's length basis and there must be no transfer of benefits and no conflicts of interest in accordance with the applicable law and regulations.

Subsequently, on 30 August 2018, the Board of Directors resolved to approve the Company's investment in TK, through the amalgamation of TK and Sri Trang Gloves (Thailand) Co., Ltd. ("Sri Trang Gloves"), which is a subsidiary of the Company. Following the amalgamation, Sri Trang Gloves will cease to be a subsidiary of the Company and the company formed by amalgamation will be a new subsidiary (the "New Merged Co."). The New Merged Co., by virtue of law on the amalgamation, will assume all assets, liabilities, rights, duties, and responsibilities of both TK and Sri Trang Gloves. The Company and Rubberland Co., Ltd. will together hold 81.08 percent of the total shares of New Merged Co. The Company expects the amalgamation to be completed by 1 April 2019 and will incur costs of this transaction amounting to Baht 1,232.82 million, representing the cost of acquisition of Dr. Viyavood and the financing costs to be paid by Dr. Viyavood for the loan used to make this acquisition.

In addition, TK changed its juristic person from a limited company to a public limited company under the Public Limited Companies Act and registered the company's conversion from "Thaikong Company Limited" to "Thaikong Public Company Limited" with the Ministry of Commerce on 19 September 2018.

Subsequently, on 9 October 2018, the Extraordinary General Meeting of Shareholders of Sri Trang Gloves passed special resolutions approving the following matters:

1. A change in a par value of Sri Trang Gloves's shares from Baht 10,000 to Baht 100 per share, as a result of which Sri Trang Gloves registered and paid-up capital of Baht 200 million comprising 2 million shares with a par value of Baht 100 per share. Sri Trang Gloves registered the change in a par value and amendment of the memorandum of association with the Ministry of Commerce on 9 October 2018.

2. The amalgamation of Sri Trang Gloves and TK.

12.3 Sri Trang Rubber & Plantation Co., Ltd. ("SRP")

On 13 March 2018, the Extraordinary Shareholder's Meeting of SRP passed a resolution to approve on the increase of its registered capital of Baht 200 million by issuing 2,000,000 newly issued ordinary shares at the par value of Baht 100 per share. As a result, SRP has the new registered capital of 65,550,000 shares. During the year 2018, the Company paid of Baht 140 million for the additional shares.

In addition, during the year 2018, the Company already paid in a further Baht 58 million called-up in respect of the additional shares of SRP in 2017.

12.4 Startex Rubber Company Limited

In November 2018, the Company already paid in a further of USD 2.5 million or approximately Baht 83 million called-up in respect of the additional shares of Startex Rubber Company Limited (a direct subsidiary) in 2016 for the purpose of increasing the registered share capital of Shi Dong Shanghai Medical Equipment Company Limited (an indirect subsidiary) to expand glove distribution business in China.

12.5 Sri Trang USA, Inc.

On 12 May 2017, the Board of Directors Meeting of the Company passed a resolution to approve an increase of USD 3 million in the registered share capital of Sri Trang USA Inc. (a direct subsidiary). During the year 2017, the Company paid USD 1 million, or approximately Baht 34 million, for the additional shares. Subsequently, in December 2018, the Company paid the remaining USD 2 million, or approximately Baht 65 million, for the additional shares.

13. Investments in associates

13.1 Details of associates:

(Unit: Million Baht)

Associates	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements	
			2018 (%)	2017 (%)	Carrying amounts based on equity method		Cost	
					2018	2017	2018	2017
Semperflex Asia Co., Ltd. (Shareholding held by the Company 37.50% and by a subsidiary 5.00%)	Manufacture of hydraulic hoses	Thailand	42.50	42.50	387	360	143	143
Pattana Agro Futures Co., Ltd	Futures broker	Thailand	40.00	40.00	8	8	15	15
Total					395	368	158	158

13.2 Share of comprehensive income and dividend received

During the years, the Group has recognised its share of profit (loss) from investments in associate companies and dividend income in the consolidated financial statements and dividend income in the separate financial statements as follows.

(Unit: Million Baht)

Associates	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates during the years		Dividend received during the years	
	2018	2017	2018	2017
Semperflex Asia Co., Ltd.	179.3	159.5	152	621
Pattana Agro Futures Co., Ltd.	0.1	0.1	-	-
Sempermed USA, Inc.*	-	11.2	-	-
Semperflex Shanghai Co., Ltd.*	-	2.5	-	-
Sempermed Singapore Pte Ltd.*	-	(2.5)	-	-
Sempermed Brazil Comercio Exterior LTDA.* (Held by Sempermed Singapore Pte Ltd.)	-	(19.9)	-	-
Formtech Engineering (M) Sdn. Bhd.* (Held by Sempermed Singapore Pte Ltd.)	-	4.5	-	-
Total	179.4	155.4	152	621

* In March 2017, the Company disposed its investment in associates to Semperit Technische Produkte Gesellschaft m.b.H. ("Semperit"). Therefore, profits (losses) from operation of associates had been recognised as profit (loss) sharing in consolidated financial statements unit the Group disposed the investments.

13.3 Summarised financial information about material associate

(Unit: Million Baht)		
Summarised information about financial position	Semperflex Asia Co., Ltd.	
	2018	2017
Current assets	870	814
Non-current assets	303	295
Current liabilities	(233)	(234)
Non-current liabilities	(15)	(13)
Net assets	925	862
Shareholding percentage (%)	42.50%	42.50%
Share of net assets	393	366
Adjustments on consolidated financial statements	(6)	(6)
Carrying amounts of associate based on equity method	387	360

(Unit: Million Baht)		
	For the year ended 31 December Semperflex Asia Co., Ltd.	
Summarised information about comprehensive income	2018	2017
Revenue	1,682	1,591
Profit	422	375
Other comprehensive income	(2)	(1)
Total comprehensive income	420	374

14. Investment in joint venture

14.1 Details of investment in joint venture:

Investment in joint venture represent investment in entity which is jointly controlled by the Company and other companies. Details of this investment are as follows.

(Unit: Million Baht)								
Joint venture	Nature of business	Country of incorporation	Consolidated financial statements		Separate financial statements			
			Shareholding percentage		Carrying amounts based on equity method		Cost	
			2018 (%)	2017 (%)	2018	2017	2018	2017
Thaitech Rubber Corp., Ltd.	Manufacture of rubber products	Thailand	42.51	42.51	406	362	135	135

14.2 Share of comprehensive income and dividend received

During the years, the Group recognised its share of comprehensive income from investments in the joint ventures in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Million Baht)				
Joint ventures	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in joint ventures during the years		Dividend received during the years	
	2018	2017	2018	2017
Thaitech Rubber Corp., Ltd.	44	(145)	-	-
Sri Trang Gloves (Thailand) Co., Ltd*	-	119	-	1,313
Total	44	(26)	-	1,313

*In March 2017, Sri Trang Gloves had been classified from joint venture to subsidiary as described in Note 12.1.1 to the financial statements.

14.3 Summarised financial information about material joint venture

(Unit: Million Baht)		
Summarised information about financial position	Thaitech Rubber Corp., Ltd.	
	2018	2017
Current assets	1,326	2,176
Non-current assets	1,006	1,015
Current liabilities	(1,498)	(2,381)
Non-current liabilities	(17)	(47)
Net assets	817	763
Shareholding percentage (%)	42.51%	42.51%
Share of net assets	347	325
Adjustments on consolidated financial statements	59	37
Carrying amounts of joint venture based on equity method	406	362

(Unit: Million Baht)		
For the year ended 31 December		
Summarised information about comprehensive income	Thaitech Rubber Corp., Ltd.	
	2018	2017
Revenue	6,522	8,759
Profit (loss)	119	(356)
Other comprehensive income	(36)	(50)
Total comprehensive income	83	(406)

15. Long-term investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Available-for-sale investments				
Equity securities	32,467	32,758	32,177	32,294
Add Cumulative changes in fair value	14,031	20,541	14,005	19,803
Total available-for-sale investments				
- Fair value	46,498	53,299	46,182	52,097
General investments	100,000	100,000	100,000	100,000
Less Allowance for impairment	(10,000)	-	(10,000)	-
General investments - Net	90,000	100,000	90,000	100,000
Total long-term investments	136,498	153,299	136,182	152,097

16. Investment properties

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	188,910	151,932	75,663	27,770
Acquisition of assets	156	-	-	-
Gain on change in fair value	13,367	47,893	-	47,893
Translation adjustment	(905)	(10,915)	-	-
Net book value at end of year	201,528	188,910	75,663	75,663

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

The Group's land not used in operations was revalued by an independent appraiser using the market approach.

Investment properties are carried at fair value, determined at the date of the statement of financial position based on the market value of properties in the same category and location as the subsidiary's property.

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis			Cost basis			
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	Total
As at 1 January 2017							
Cost / Revalued amount	7,719,359	5,410,631	6,187,249	911,553	589,116	1,206,187	22,024,095
Less Accumulated depreciation	(494,167)	(1,142,620)	(3,619,235)	(623,189)	(373,313)	-	(6,252,524)
Less Allowance for impairment	-	-	(6,057)	-	-	-	(6,057)
Net book value	7,225,192	4,268,011	2,561,957	288,364	215,803	1,206,187	15,765,514
For the year ended 31 December 2017							
Net book value at beginning of year	7,225,192	4,268,011	2,561,957	288,364	215,803	1,206,187	15,765,514
Increase from business acquisition	438,254	973,659	2,565,616	66,204	26,669	64,425	4,134,827
Additions	128,206	63,784	123,614	117,560	38,940	2,494,460	2,966,564
Transfers in (out)	233,035	300,038	1,304,951	17,920	45,372	(1,901,316)	-
Reclassification, net	518,258	(518,258)	-	-	-	-	-
Disposals and write-off, net	(77,759)	(36,055)	(27,788)	(5,651)	(1,500)	(16,681)	(165,434)
Additions of revaluation	2,469,633	1,259,893	-	-	-	-	3,729,526
Reductions of revaluation	(39,592)	(77,011)	-	-	-	-	(116,603)
Depreciation for the year	(180,413)	(324,331)	(1,070,496)	(117,378)	(91,040)	-	(1,783,658)
Depreciation capitalised to assets (Note 18)	(60,710)	(9,226)	(2,569)	-	-	-	(72,505)
Increase in allowance for impairment during the year	(49,700)	-	-	-	-	-	(49,700)
Translation adjustment, net	(32,397)	(78,593)	(53,028)	(11,585)	(4,732)	(38,505)	(218,840)
Net book value at end of year	10,572,007	5,821,911	5,402,257	355,434	229,512	1,808,570	24,189,691

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis			Cost basis			
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	Total

As at 31 December 2017

Cost / Revalued amount	11,068,818	6,409,049	9,921,850	1,057,193	666,282	1,808,570	30,931,762
Less Accumulated depreciation	(447,111)	(587,138)	(4,513,703)	(701,759)	(436,770)	-	(6,686,481)
Less Allowance for impairment	(49,700)	-	(5,890)	-	-	-	(55,590)
Net book value	10,572,007	5,821,911	5,402,257	355,434	229,512	1,808,570	24,189,691

For the year ended 31 December 2018

Net book value at beginning of year	10,572,007	5,821,911	5,402,257	355,434	229,512	1,808,570	24,189,691
Additions	45,537	9,275	126,592	72,555	24,752	2,327,599	2,606,310
Transfers in (out)	273,898	700,110	2,042,240	29,235	26,373	(3,071,856)	-
Reclassification, net	215	(215)	-	-	-	-	-
Transfers to intangible assets (Note 19)	-	-	-	-	-	(4,910)	(4,910)
Disposals and write-off, net	(6,052)	(6,175)	(18,294)	(6,820)	(2,179)	(24,029)	(63,549)
Additions of revaluation	296,513	1,927	-	-	-	-	298,440
Reductions of revaluation	(10,866)	(2,342)	-	-	-	-	(13,208)
Depreciation for the year	(244,346)	(457,954)	(1,400,214)	(118,271)	(88,431)	-	(2,309,216)
Depreciation capitalised to assets (Note 18)	(64,973)	(6,321)	(3,127)	(2,621)	-	-	(77,042)
Reversal of allowance for impairment	-	-	334	-	-	-	334
Translation adjustment, net	(25,609)	(56,068)	(42,716)	(7,809)	(3,143)	(35,451)	(170,796)
Net book value at end of year	10,836,324	6,004,148	6,107,072	321,703	186,884	999,923	24,456,054

Consolidated financial statements							(Unit: Thousand Baht)
	Revaluation basis			Cost basis			Total
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	
As at 31 December 2018							
Cost / Revalued amount	11,802,415	6,878,212	11,890,516	1,097,993	687,308	999,923	33,356,367
Less Accumulated depreciation	(916,391)	(874,064)	(5,777,888)	(776,290)	(500,424)	-	(8,845,057)
Less Allowance for impairment	(49,700)		(5,556)	-	-	-	(55,256)
Net book value	10,836,324	6,004,148	6,107,072	321,703	186,884	999,923	24,456,054
Depreciation for the year							
2017 (Baht 1,584 million included in manufacturing cost, and the balance in selling and administrative expenses)							1,783,658
2018 (Baht 2,012 million included in manufacturing cost, and the balance in selling and administrative expenses)							2,309,216

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis			Cost basis			Total
	Land and land improvement	Building and structures	Machinery and equipment	Vehicles	Fixture and office equipment	Assets under construction and installation	
As at 1 January 2017							
Cost / Revalued amount	2,624,454	2,250,191	3,260,045	262,959	347,297	836,009	9,580,955
Less Accumulated depreciation	(222,940)	(425,277)	(1,720,396)	(177,871)	(223,710)	-	(2,770,194)
Less Allowance for impairment	-	-	(6,057)	-	-	-	(6,057)
Net book value	2,401,514	1,824,914	1,533,592	85,088	123,587	836,009	6,804,704
For the year ended 31 December 2017							
Net book value at beginning of year	2,401,514	1,824,914	1,533,592	85,088	123,587	836,009	6,804,704
Additions	23,183	17,330	42,946	21,266	9,949	955,883	1,070,557
Transfers in (out)	90,109	169,119	737,088	5,919	25,694	(1,027,929)	-
Disposals and write-off, net	(1,240)	(1,145)	(5,767)	(1,034)	(488)	(7,336)	(17,010)
Additions of revaluation	1,289,975	560,396	-	-	-	-	1,850,371
Reductions of revaluation	(11,203)	(44,173)	-	-	-	-	(55,376)
Depreciation for the year	(95,525)	(136,919)	(394,099)	(31,125)	(51,461)	-	(709,129)
Net book value at end of year	3,696,813	2,389,522	1,913,760	80,114	107,281	756,627	8,944,117
As at 31 December 2017							
Cost / Revalued amount	3,910,485	2,569,006	3,991,022	279,052	378,308	756,627	11,884,500
Less Accumulated depreciation	(213,672)	(179,484)	(2,071,372)	(198,938)	(271,027)	-	(2,934,493)
Less Allowance for impairment	-	-	(5,890)	-	-	-	(5,890)
Net book value	3,696,813	2,389,522	1,913,760	80,114	107,281	756,627	8,944,117

Separate financial statements

(หน่วย: พันบาท)

(หน่วย: พันบาท)

[illegible]

The Group arranged for independent professional appraisers to appraise the value of certain assets in 2017 and 2018 on an asset-by-asset basis. The basis of the revaluation was as follows:

-Land and land improvements were revalued using the market approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as spaces, location, environment and highest best and use. The most significant input into this valuation approach is price per Rai and size of land.

-Buildings and structures were revalued the depreciated replacement cost approach. Replacement value is calculated from construction prices in the market to build the similar characteristics of properties in close proximity and adjusted for depreciation which calculated from utilised period and remaining expected useful lives. The most significant input into this valuation approach is construction price per square meter, utility spaces and useful lives of buildings.

The asset revaluation surplus net of applicable deferred income tax was credited to other component of equity.

Had the land and buildings been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2018 and 2017 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land and land improvement	7,258,610	7,174,097	2,145,005	2,068,479
Building and structuresv	4,306,450	3,965,605	1,716,936	1,545,006

As at 31 December 2018, the Group had machinery, vehicles and equipment with net book value of Baht 61 million (2017: Baht 58 million) (The Company only: Baht 12 million (2017: Baht 17 million)) which were acquired under finance lease agreements.

As at 31 December 2018, certain items of plant and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 3,472 million (2017: Baht 2,647 million) (The Company only: Baht 1,679 million (2017: Baht 1,281 million)).

As at 31 December 2018, net book value of property and plant of the subsidiaries with collateral against credit facilities, short-term and long-term borrowings received from a commercial bank was approximately Baht 169 million (2017: Baht 167 million) as described in Note 22 to the financial statements.

18. Rubber and palm plantations

(Unit: Thousand Baht)

Consolidated financial statements					
	Rubber		Palm		
	Mature	Immature	Mature	Immature	Total
As at 1 January 2017					
Cost	16,523	1,559,408	8,721	948	1,585,600
Less Accumulated amortisation	(7,215)	-	(4,909)	(72)	(12,196)
Net book value	9,308	1,559,408	3,812	876	1,573,404
For the year ended 31 December 2017					
Net book value at beginning of year	9,308	1,559,408	3,812	876	1,573,404
Additions	-	191,774	-	-	191,774
Transfers in (out)	25,573	(25,780)	1,083	(876)	-
Disposals and write-off, net	-	(1,068)	-	-	(1,068)
Amortisation (Note 29)	(3,719)	-	(520)	-	(4,239)
Depreciation capitalised to assets (Note 17)	-	72,505	-	-	72,505
Net book value at end of year	31,162	1,796,839	4,375	-	1,832,376
As at 31 December 2017					
Cost	42,097	1,796,839	9,875	-	1,848,811
Less Accumulated amortisation	(10,935)	-	(5,500)	-	(16,435)
Net book value	31,162	1,796,839	4,375	-	1,832,376
For the year ended 31 December 2018					
Net book value at beginning of year	31,162	1,796,839	4,375	-	1,832,376
Acquisition	-	144,122	-	3,355	147,477
Transfer in (out)	95,472	(95,472)	2,549	(2,549)	-
Disposals and write-off, net	-	(1,403)	-	-	(1,403)
Amortisation (Note 29)	(3,487)	-	(513)	-	(4,000)
Depreciation capitalised to assets (Note 17)	-	77,042	-	-	77,042
Net book value at end of year	123,174	1,921,128	6,411	806	2,051,492
As at 31 December 2018					
Cost	137,569	1,921,128	12,424	806	2,071,927
Less Accumulated amortisation	(14,422)	-	(6,013)	-	(20,435)
Net book value	123,147	1,921,128	6,411	806	2,051,492

(Unit: Thousand Baht)

Separate financial statements

	Rubber		Palm		
	Mature	Immature	Mature	Immature	Total
As at 1 January 2017					
Cost	3,584	-	3,182	-	6,766
Less Accumulated amortisation	(2,005)	-	(2,210)	-	(4,215)
Net book value	1,579	-	972	-	2,551
For the year ended 31 December 2017					
Net book value at beginning of year	1,579	-	972	-	2,551
Additions	-	2,075	-	-	2,075
Amortisation (Note 29)	(91)	-	(192)	-	(283)
Net book value at end of year	1,488	2,075	780	-	4,343
As at 31 December 2017					
Cost	3,584	2,075	3,182	-	8,841
Less Accumulated amortisation	(2,096)	-	(2,402)	-	(4,498)
Net book value	1,488	2,075	780	-	4,343
For the year ended 31 December 2018					
Net book value at beginning of year	1,488	2,075	780	-	4,343
Additions	-	894	-	3,355	4,248
Transfer in (out)	-	-	2,549	(2,549)	-
Amortisation (Note 29)	(91)	-	(190)	-	(281)
Net book value at end of year	1,397	2,968	3,139	806	8,310
As at 31 December 2018					
Cost	3,584	2,968	5,731	806	13,089
Less Accumulated amortisation	(2,187)	-	(2,592)	-	(4,779)
Net book value	1,397	2,968	3,139	806	8,310

19. Intangible assets

(Unit: Thousand Baht)		
	Computer software	
	Consolidated financial statements	Separate financial statements
As at 1 January 2017		
Cost	612,869	566,583
Less Accumulated amortisation	(132,064)	(96,602)
Net book value	480,805	469,981
For the year ended 31 December 2017		
Net book value at beginning of year	480,805	469,981
Additions	37,787	27,096
Increase from business acquisition	6,701	-
Write-off, net	(186)	(135)
Amortisation (Note 29)	(64,490)	(56,361)
Translation adjustment	(823)	-
Net book value at beginning of year	459,794	440,581
As at 31 December 2017		
Cost	653,730	592,545
Less Accumulated amortisation	(193,936)	(151,964)
Net book value	459,794	440,581
For the year ended 31 December 2018		
Net book value at beginning of year	459,794	440,581
Additions	26,448	13,446
Transfers from equipment (Note 17)	4,910	-
Write-off, net	(57)	(10)
Amortisation (Note 29)	(70,280)	(58,437)
Translation adjustment	(127)	-
Net book value at beginning of year	420,688	395,580
As at 31 December 2018		
Cost	673,503	594,963
Less Accumulated amortisation	(252,815)	(199,383)
Net book value	420,688	395,580

20. Goodwill

The Company determined the recoverable amount of the cash generating units based on value in use, with the cash flow projections derived from financial budgets approved by management. The projections cover a five-year period. The cash flow projections after the fifth-year period are extrapolated using the estimated growth rates stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operates.

Key assumptions used in the value in use calculation of the cash generating units are summarised below:

Terminal growth rate	0.0% per annum
Pre-tax discount rate	8.7% per annum

The management determined gross margin from the budget based on factors including historical operating results, expected market growth and economic growth. The discount rate is a pre-tax rate that reflects the risks specific to cash generating unit.

The management determined that goodwill is not impaired.

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties (Note 6)	64,110	179,733	383,080	791,558
Trade payables - unrelated parties	1,314,201	1,221,484	491,518	349,392
Accrued expenses - related parties (Note 6)	-	-	35,890	5,000
Accrued expenses - unrelated parties	643,494	621,595	248,476	274,817
Deferred income - related parties (Note 6)	6,940	-	-	-
Deferred income for goods and others	395,576	279,897	184,081	170,467
Deposits and retentions received from customers	139,358	99,906	25,424	19,601
Other payables - related parties (Note 6)	383	4	17,892	50,159
Other payables - unrelated parties	109,454	211,638	31,315	58,108
Others	523	583	103	155
Total trade and other payables	2,674,039	2,614,840	1,417,779	1,719,257

22. Borrowings

Movements in the borrowing account during the year 2018 were summarised below.

	Consolidated financial statements	(Unit: Thousand Baht) Separate financial statements
Balance as at 1 January 2018	32,306,079	22,246,873
Decrease in short-term borrowings from financial institutions	(5,962,683)	(3,434,271)
Additions of long-term borrowings from financial institutions	2,279,400	629,400
Repayments of long-term borrowings from financial institutions	(1,300,654)	(300,000)
Repayments of debenture	(600,000)	(600,000)
Additions of finance lease liabilities	11,017	-
Repayments of finance lease liabilities	(10,245)	(4,092)
Unrealised loss on exchange rates	12,299	11,276
Translation adjustment	(208,043)	-
Balance as at 31 December 2018	26,527,170	18,549,186

Short-term and long-term borrowings from financial institutions

As at 31 December 2018, certain of short-term borrowings of a local subsidiary totaling Baht 31 million (2017: Baht 26 million) were secured by certain of land, land improvement, building and structures thereon of this subsidiary and another subsidiary in Thailand as described in Note 17, and by the guarantee of certain Company's directors. According to a condition of the borrowing agreements, the Company and the 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.

An overseas subsidiary has a credit facility with a financial institution totaling USD 19 million or approximately Baht 616 million (2017: USD 35 million or approximately Baht 1,144 million). As at 31 December 2018, the balance of short-term borrowings USD 10.5 million or approximately Baht 341 million (2017: USD 15.3 million or approximately Baht 498 million) were guaranteed by standby-letters of credit of a commercial bank as referred in Note 36.3.3 to the financial statements.

22.1 Long-term loans from financial institutions

As at 31 December 2018 and 2017, the Group had entered into long-term borrowing agreements with commercial banks with details as follows.

No.	Company	Credit facility	Borrowing periods	Interest rate (%)	Principal and interest repayment	Outstanding balances as at 31 December			
						Consolidated financial statements		Separate financial statements	
						2018 (Thousand Baht)	2017 (Thousand Baht)	2018 (Thousand Baht)	2017 (Thousand Baht)
1	Sri Trang Agro-Industry Public Co., Ltd.	Baht 3,800 Million granted in 2012	10 years	MLR less fixed rate per annum	Principal is repayable quarterly from September 2012 and interest is repayable monthly	2,671,350	2,971,350	2,671,350	2,971,350
2	Sri Trang Agro-Industry Public Co., Ltd.	USD 15 Million granted in 2016	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	489,222	492,708	489,222	492,708
3	Sri Trang Agro-Industry Public Co., Ltd.	USD 15 Million granted in 2017	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	489,222	492,708	489,222	492,708
4	Sri Trang Agro-Industry Public Co., Ltd.	USD 20 Million granted in 2017	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	652,296	656,944	652,296	656,944
5	Sri Trang Agro-Industry Public Co., Ltd.	USD 20 Million granted in 2018	3 years	Fixed rate per annum	Principal is repayable in full on maturity and interest is repayable quarterly.	652,296	-	652,296	-
6	Sri Trang Gloves (Thailand) Co., Ltd.	Baht 3,000 Million granted in 2017	7 years	MLR less fixed rate	Principal is repayable quarterly from March 2017 and interest is repayable quarterly.	2,020,000	3,000,000	-	-

Outstanding balances as at 31 December

No.	Company	Credit facility	Borrowing periods	Interest rate (%)	Principal and interest repayment	Consolidated financial statements		Separate financial statements	
						2018	2017	2018	2017
						(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
7	Sri Trang Gloves (Thailand) Co., Ltd.	Baht 950 Million granted in 2018	7 year 6 months	MLR less fixed rate per annum	Principal is repayable quarterly from September 2018 and interest is repayable quarterly	930,000	-	-	-
8	Sri Trang Gloves (Thailand) Co., Ltd.	Baht 700 Million granted in 2018	4 year 6 months	MLR less fixed rate per annum	Principal is repayable quarterly from June 2019 and interest is repayable quarterly.	700,000	-	-	-
9	Anvar Parawood Co., Ltd	Baht 8 Million granted in 2013	5 year 6 months	MLR less fixed rate per annum	Principal is repayable monthly from January 2014 and interest is repayable monthly.	-	654	-	-
Total						8,604,386	7,614,364	4,954,386	4,613,710
Less Current portion of long-term borrowing						1,260,000	420,654	965,000	300,000
Long-term borrowing - net from current portion						7,344,386	7,193,710	3,989,386	4,313,710

These loans are unsecured. In addition, the borrowing agreements of the Group contain certain covenants that, among other things, require the Group to maintain financial ratios.

22.2 Debentures

Debentures	Issued date	Matured date	Quantity (Units)	Par value (Baht per unit)	Interest rate (Percent per annum)	(Unit: Thousand Baht) Consolidated financial statements/ Separate financial statements	
						2018	2017
STA 182A	13 February 2013	13 February 2018	600,000	1,000	4.50	-	600,000
STA 195A	18 May 2016	18 May 2019	810,000	1,000	2.55	810,000	810,000
STA 215A	18 May 2016	18 May 2021	1,455,000	1,000	3.10	1,455,000	1,455,000
Total						2,265,000	2,865,000
Less current portion						(810,000)	(600,000)
Debentures, net of current portion						1,455,000	2,265,000

On 13 February 2018, the Company repaid Baht 600 million of unsubordinated and unsecured debentures, consisting of 600,000 units with a face value of Baht 1,000 each.

The debentures are unsubordinated and unsecured debentures, with interest payable every 6 months.

Debentures	(Unit: Thousand Baht) Consolidated / Separate financial statements			
	Net book value		Fair value	
	2018	2017	2018	2017
	2,265,000	2,865,000	2,256,828	2,867,023

22.3 Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	44,003	43,839	10,196	14,781
Less Deferred interest expenses	(2,606)	(3,151)	(654)	(1,147)
Total	41,397	40,688	9,542	13,634
Less Portion due within one year	(16,248)	(13,167)	(3,786)	(4,092)
Liabilities under finance lease agreements - net of current portion	25,149	27,521	5,756	9,542

Finance leases of the Group is mainly related to the lease of vehicles. The terms of the lease agreements are generally 3 - 5 years.

Future minimum lease payments required under the finance lease agreements were as follows.

	(Unit: Million Baht)					
	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	17,725	26,278	44,003	4,124	6,072	10,196
Deferred interest expenses	(1,477)	(1,129)	(2,606)	(338)	(316)	(654)
Present value of future minimum lease payments	16,248	25,149	41,397	3,786	5,756	9,542

	(Unit: Million Baht)					
	As at 31 December 2017					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	14,736	29,103	43,839	4,585	10,196	14,781
Deferred interest expenses	(1,569)	(1,582)	(3,151)	(493)	(654)	(1,147)
Present value of future minimum lease payments	13,167	27,521	40,688	4,092	9,542	13,634

23. Provision for retirement benefit obligations

Provision for retirement benefit obligations, which represents compensation payable to employees after they retire, was as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Provision for retirement benefit obligations				
at beginning of year	308,188	185,233	93,046	83,947
Increase from business acquisition	-	76,962	-	-
Included in profit or loss:				
Current service cost	32,917	20,200	9,329	8,914
Interest cost	8,776	7,836	2,063	2,073
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	8,186	-	3,300	-
Financial assumptions changes	(25,798)	23,731	(1,846)	(11)
Experience adjustments	1,383	-	14,285	-
Benefits paid during the year	(4,637)	(5,774)	(2,061)	(1,877)
Provision for retirement benefit obligations at end of year	329,015	308,188	118,116	93,046

The Group expect to pay Baht 31 million of long-term employee benefits during the next year (Separate financial statements: Baht 19 million) (2017: Baht 5 million, separate financial statements: Baht 2 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit was 13.7 years (Separate financial statements: 13.7 years) (2017: 15 years, separate financial statements: 15 years).

Significant actuarial assumptions are summarised below

	Consolidated financial statements		(Unit: percent per annum) Separate financial statements	
	2018	2017	2018	2017
Discount rate	1.73 - 4.38	1.46 - 3.97	1.73 - 4.38	1.46 - 3.97
Future salary increase rate	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0
Turnover rateb	0 - 30.0	0 - 30.0	0 - 30.0	0 - 30.0

The result of sensitivity analysis for significant assumptions that affect the present value of the provision for retirement benefit obligations as at 31 December 2018 and 2017 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(62,592)	80,697	(9,180)	10,539
Salary increase rate	80,013	(62,336)	10,254	(9,123)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(15,933)	18,791	(6,575)	7,737

	(Unit: Thousand Baht)			
	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(70,774)	95,153	(7,382)	8,562
Salary increase rate	99,169	(74,715)	10,180	(8,877)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(20,936)	25,137	(7,510)	9,015

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional provision for retirement benefit obligations of Baht 79 million (The Company only: Baht 30 million). The Group will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

24. Share capital

Year 2017

On 31 August 2017, the Extraordinary Shareholders' meeting passed a resolution to approve an increase in the Company's registered share capital from 1,280,000,000 ordinary shares with a par value of Baht 1 each to 1,535,999,998 ordinary shares with a par value of Baht 1 each. On 6 October 2017, the Company received shares subscription of 255,999,998 additional ordinary shares with a par value of Baht 1 each, at a price of Baht 10 per share. The paid-up share capital and premium on ordinary shares totaling Baht 256 million and Baht 2,301 million, respectively. The Company registered the increase in its issued and fully paid share capital with the Ministry of Commerce on 16 October 2017.

Year 2018

On 26 April 2018, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a decrease in the Company's registered share capital from Baht 1,536,000,000 (1,536,000,000 ordinary shares of Baht 1 each) to Baht 1,535,999,998 (1,535,999,998 ordinary shares of Baht 1 each) by cancelling 2 registered ordinary shares with a par value of Baht 1 each that are unissued. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 7 May 2018.

25. Revaluation surplus

This represents surplus arising from revaluation of land, land improvements, buildings and structures. The surplus is amortised to retained earnings on a straight-line basis over the remaining lives of the related assets.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance at beginning of year - net of income tax	4,049,446	1,296,860	1,944,873	552,827
Increase from revaluation of assets				
- net of income tax	240,462	2,848,898	202,806	1,423,477
Decrease from sale of assets				
- net of income tax	(2,116)	(34,721)	(394)	-
Less depreciation on assets revaluation				
- net of income tax	(185,133)	(61,591)	(89,375)	(31,431)
Balance at end of year - net of income tax	4,102,659	4,049,446	2,057,910	1,944,873

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

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. The statutory reserve has fully been set aside.

27. Other income

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Income from insurance claim	69,066	505,680	27,353	40,419
Income from computer software	8,610	14,318	21,509	62,754
Rental income	23,952	22,120	12,052	9,009
Income from guaranteed loans	-	-	14,267	28,285
Office service income	-	5,553	17,196	22,068
Others	136,107	136,038	66,547	43,012
Total other income	237,735	683,709	158,924	205,547

Income from insurance claim in consolidated financial statements in 2017 totaling Baht 506 million included income from insurance claim from fire accident of PT Star Rubber in Indonesia amounting Baht 463 million.

28. Other gain (loss), net

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Gain (loss) from rubber derivative financial instruments	1,202,808	100,303	538,119	(92,055)
Gain (loss) from disposals and write-off fixed assets	(12,876)	(788)	(4,066)	3,889
Total other gain (loss), net	1,189,932	99,515	534,053	(88,166)

29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Changes in inventories of finished goods and work in progress	3,078,947	(2,080,846)	1,467,903	(539,789)
Raw materials and consumables used	48,087,041	60,917,781	24,936,677	32,994,781
Reduction of inventory cost to net realisable value (reversal)	(172,328)	343,698	(160,655)	236,074
Salaries and wages and other employee benefits	3,270,556	2,946,006	946,603	921,792
Depreciation	2,309,216	1,783,658	836,197	709,129
Amortisation - rubber and plantations	4,000	4,239	281	283
Amortisation - intangible assets	70,280	64,490	58,437	56,361
Transportation and distribution expense	1,770,811	1,689,920	931,537	839,637
Energy expense	2,325,151	1,889,132	585,267	540,335
Cess expense*	1,393,135	1,294,826	1,007,141	897,431

* The cess expense is a fee charged to exporters of natural rubber products for the rubber replanting aid fund managed by the Office of the Rubber Authority of Thailand (RAOT) for the purpose of replanting support. Such fee is calculated based on exported quantity at the price on export dates multiplied by a fixed rate as agreed.

30. Income tax

Tax expenses (income) for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	406,365	151,653	4,621	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(165,376)	(131,023)	(57,542)	(126,037)
Tax expense (income) reported in the statement of comprehensive income	240,989	20,630	(52,921)	(126,037)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax on gain (loss) from the change in value of available-for-sale investments	(1,302)	919	(1,159)	902
Deferred tax on gain from revaluation of land and buildings	59,688	738,338	50,701	335,869
Deferred tax on actuarial gain (loss)	4,548	(5,809)	(3,148)	3
Deferred tax on exchange differences from translating foreign currency financial statements	7,028	29,549	-	-
	69,962	762,997	46,394	356,774

The reconciliation between accounting profit (loss) and tax expense (income) is shown below.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit (loss) before tax	2,386,963	(1,397,911)	1,620,219	2,542,439
Applicable tax rate	17 - 25%	17 - 25%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	502,614	(260,893)	324,044	508,488
Share of profit from investments in associates and joint venture	(44,741)	(25,968)	-	-
Tax losses which were not recognised as deferred tax assets during the year	152,422	497,780	111,201	339,318
Utilisation of previously unrecognised tax losses	(216,642)	(40,950)	(187,087)	-
Write-off deferred tax asset which was previously recognised	-	10,771	-	-
Effects of:				
Promotional privileges (Note 31)	(53,775)	(13,565)	(21,389)	-
Exemption of income	(11,430)	(184,687)	(213,348)	(965,419)
Non-deductible expenses	27,431	143,673	(12,292)	31,335
Additional expense deductions allowed	(96,123)	(69,518)	(56,966)	(39,759)
Tax at concessionary rate of 10% see note (a)	(47,912)	(23,895)	-	-
Others	29,145	(12,118)	2,916	-
Total	(152,664)	(160,110)	(301,079)	(973,843)
Tax expense (income) reported in the statement of comprehensive income	240,989	20,630	(52,921)	(126,037)

Additional information

(a) On 11 May 2005, the Ministry of Trade and Industry of Singapore awarded the Global Trader Programme status to a subsidiary of the Group 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 to 31 December 2019.

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)				
	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Unused tax losses	666,728	623,105	382,724	373,073
Unrealised losses on derivative financial instruments	24,138	35,156	22,053	30,636
Allowance for diminution in value of inventories	55,616	71,726	10,227	22,644
Cumulative loss from assets revaluation and allowance for asset impairment	41,747	49,352	17,711	17,815
Provision for retirement benefit obligations	68,170	64,620	23,623	18,609
Others	24,845	23,426	46	46
Total	881,244	867,385	456,384	462,823
Deferred tax liabilities				
Assets revaluation surplus	1,310,493	1,337,441	514,477	486,218
Fair value estimation of investment properties	12,578	12,578	12,578	12,578
Unrealised gains on derivative financial instruments	6,616	59,866	6,616	51,304
Others	3,182	4,540	2,801	3,960
Total	1,332,869	1,414,425	536,472	554,060
	(451,625)	(547,040)	(80,088)	(91,237)
Deferred tax assets (liabilities) presented in the statements of financial position:				
Deferred tax asset	236,110	197,989	-	-
Deferred tax liabilities	(687,735)	(745,029)	(80,088)	(91,237)
	(451,625)	(547,040)	(80,088)	(91,237)

As at 31 December 2018, the Group had deductible temporary differences and unused tax losses totaling Baht 1,784 million (the Company only: Baht 756 million) (2017: Baht 1,343 million, the Company only: Baht 550 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The Group had the unused tax losses amounting to Baht 1,690 million which will expire by 2037 (the Company only: Baht 746 million by 2022).

31. Promotional privileges

The Group were granted certain privileges on their manufactures of concentrated latex, block rubber Skim Crepe and rubber gloves, 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 must comply with certain conditions and restrictions provided for in the promotional certificates.

The Group operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)						
Consolidated financial statements						
	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales and service income						
Domestic sales and service income	6,297,128	10,703,714	13,290,733	12,749,057	19,587,861	23,452,771
Export sales and service income	25,945,426	30,932,620	51,164,933	64,864,259	77,110,359	95,796,879
Total sales and service income	32,242,554	41,636,334	64,455,666	77,613,316	96,698,220	119,249,650
Elimination					(23,205,419)	(29,862,656)
Total					73,492,801	89,386,994

(Unit: Thousand Baht)						
Separate financial statements						
	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales and service income						
Domestic sales and service income	4,445,770	5,228,626	7,628,030	10,794,088	12,073,800	16,022,714
Export sales and service income	14,027,881	9,959,097	15,026,218	26,061,929	29,054,099	36,021,026
Total sales and service income	18,473,651	15,187,723	22,654,248	36,856,017	41,127,899	52,043,740

32. Earnings per share

Basic earnings per share is calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of paid-up ordinary shares in issue during the years.

The basic earnings per share are as follows.

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit (loss) attributable to owners of the Company (Thousand Baht)	2,064,358	(1,437,051)	1,673,139	2,668,476
Weighted average number of ordinary shares (Thousand shares)	1,536,000	1,370,204	1,536,000	1,370,204
Basic earnings (losses) per share (Baht)	1.34	(1.05)	1.09	1.95

33. Segment information

The chief operating decision-maker has been identified as the Managing Director.

The Managing Director reviews the Group's internal reporting regularly in order to assess performance and allocate resources. The Managing Director 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 Managing Director.

There are four reportable segments as follows:

- 1) Natural Rubber Products: This segment is engaged in 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) Engineering Business: This segment is engaged in the engineering services including research and development of machinery and production processes, and also providing information system services.
- 3) Plantation: This segment is engaged in plantations including rubber, palm and temperate fruits.
- 4) Other Businesses: This segment is engaged in logistics services and other services. These services are provided mainly to the Group, with minor services provided externally.

The Group operates across four business segments in 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 2018 and 2017 are as follow:

For the year ended 31 December 2018

	Natural rubber and gloves										(Unit: Thousand Baht)
	Engineering							Plantation		Others	
	Thailand	Indonesia	Singapore	United states of America	China	Vietnam	Myanmar	Thailand	Thailand		
Revenues											
Revenues from external customers	50,580,984	2,743,088	16,628,389	307,914	2,890,650	-	1,014	309,121	1,708	29,933	73,492,801
Inter-segment revenues	12,617,171	7,629,132	403,897	-	29,179	-	375,971	1,118,801	7,493	1,023,775	-
Total revenues	63,198,155	10,372,220	17,032,286	307,914	2,919,829	-	376,985	1,427,922	9,201	1,053,708	73,492,801
Unallocated income and expenses											
Depreciation and amortisation	(1,914,031)	(370,109)	(8,334)	(557)	(1,845)	-	(5,020)	(23,522)	(32,342)	(27,737)	(2,383,497)
Finance income	114,617	7,922	15,425	-	1,008	1	-	3,607	118	424	28,722
Finance cost	(701,738)	(310,947)	(3,566)	(17,796)	-	-	(8,371)	-	(42)	(1,893)	(915,686)
Share of profit from investments in associates and joint venture	223,703	-	-	-	-	-	-	-	-	-	223,703
Profit (loss) before tax income (expense)	3,319,781	(336,494)	600,502	(137,434)	162,971	346	12,329	47,230	(122,373)	(6,174)	2,386,963
Tax income (expense)	(162,850)	33,348	(85,181)	27,456	(36,363)	-	-	(7,900)	(7,210)	(2,289)	(240,989)
Profit (loss) for the year	3,156,931	(303,146)	515,321	(109,978)	126,608	346	12,329	39,330	(129,583)	(8,463)	2,145,974
Total assets	55,704,913	6,327,992	5,433,558	304,113	1,498,375	25,795	138,167	1,504,078	6,673,199	4,195,464	55,748,105

For the year ended 31 December 2017

	Natural rubber and gloves										(Unit: Thousand Baht)	
								Engineering		Others		
	Thailand	Indonesia	Singapore	United states of America	China	Vietnam	Myanmar	Thailand	Thailand	Thailand		Consolidation
Revenues												
Revenues from external customers	59,848,686	2,152,713	22,871,059	2,349,048	1,784,205	-	-	144,087	1,788	235,408	-	89,386,994
Inter-segment revenues	13,973,051	10,659,499	2,996,449	-	49,653	-	352,323	937,127	1,609	893,137	(29,862,848)	-
Total revenues	73,821,737	12,812,212	25,867,508	2,349,048	1,833,858	-	352,323	1,081,214	3,397	1,128,545	(29,862,848)	89,386,994
Unallocated income and expenses												
Depreciation and amortisation	(1,468,993)	(279,109)	(6,586)	(1,605)	(2,728)	-	(5,116)	(22,076)	(35,749)	(30,425)	-	(1,852,387)
Finance income	45,355	1,711	384	-	801	1	-	970	88	351	-	49,661
Finance cost	(827,668)	(229,791)	(18,496)	(34,166)	-	-	(3,974)	(21,264)	-	(734)	-	(1,206,093)
Share of profit from investments in associates and joint ventures	129,841	-	-	-	-	-	-	-	-	-	-	129,841
Profit (loss) before tax income (expense)	2,505,829	903,738	784,367	(107,669)	(49,611)	(1,805)	7,628	33,099	(175,873)	4,070	(5,301,684)	(1,397,911)
Tax income (expense)	222,258	(235,277)	(33,031)	5,592	12,176	-	-	(873)	12,063	(3,538)	-	(20,630)
Profit (loss) for the year	2,728,087	668,461	751,336	(102,077)	(37,435)	(1,805)	7,628	32,226	(163,810)	532	(5,301,684)	(1,418,541)
Total assets	58,032,182	7,463,181	6,039,550	461,647	1,437,773	25,644	157,835	1,255,111	6,561,032	4,138,569	(25,864,743)	59,707,781

Geographic information

Revenue from external customers is based on locations of the customers.

		(Unit: Thousand Baht)
	2018	2017
Revenue from external customers		
Thailand	11,479,772	15,858,283
China	30,743,411	37,089,072
Others	31,269,618	36,439,639
Total	73,492,801	89,386,994
Non-current assets (other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts)		
Thailand	27,183,006	26,642,434
Indonesia	2,785,370	2,817,865
Others	203,515	211,463
Total	30,171,891	29,671,762

Major customers

For the year 2018 and 2017, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

34. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and its employees contribute to the fund monthly at the fix rate of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules. During the year 2018, the Group contributed Baht 31 million (2017: Baht 24 million) to the fund, and the Company only contributed Baht 11 million (2017: Baht 11 million). These contributions were recognised as expenses.

35. Dividends

(Unit: Million Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2017	Annual General Meeting of the shareholders on 25 April 2017	512	0.40
Interim dividends from the operating for the six-month period ended 30 June 2018	Board of Directors' meeting on 30 August 2018	384	0.25

36. Commitments and contingent liabilities

36.1 Sales and purchases commitments

The Group is committed to certain sales and purchases related to finished goods from natural rubber. 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.

(Unit: Thousand Baht)		
As at 31 December 2018		
	Consolidated financial statements	Separate financial statements
Purchases from:		
Joint venture	327,657	-
Related parties	65,921	65,921
Third parties	321,950	-
	715,528	65,921
Sales to:		
Subsidiaries	-	2,139,137
Related parties	949,725	949,725
Third parties	12,137,479	6,759,148
	13,087,204	9,848,010

36.2 Capital commitments

The Group had capital commitments as follows.

	(Unit: Thousand Baht)	
	As at 31 December 2018	
	Consolidated financial statements	Separate financial statements
Capital commitments - purchase of fixed assets	585,548	46,296

36.3 Commitments from guarantees on borrowings of subsidiaries and contingent liabilities

36.3.1 The Company had outstanding balance of commitments from guarantees on the borrowings of subsidiaries as follows.

	(Unit: Thousand Baht)	
	As at 31 December 2018	
	Consolidated financial statements / Separate financial statements	
Currencies	Amount	(Equivalent) Million Baht
Million USD	11	341
Billion IDR	876	1,971
Total		2,312

36.3.2 As at 31 December 2018, there were outstanding bank guarantees of Baht 153 million issued by banks on behalf of the Group primarily to guarantee electricity usage. The subsidiaries had pledged its fixed deposits of Baht 1 million to guarantee electricity usage.

36.3.3 As at 31 December 2018, the Group had a credit facility of standby-letters of credit totaling USD 20 million, or approximately Baht 649 million.

36.4 Operating lease commitments - where the Group are the lessee

The future aggregate minimum lease payments under non-cancellable operating leases of the Group was as follows

(Unit: Thousand Baht)		
As at 31 December 2018		
	Consolidated financial statements	Separate financial statements
Not later than 1 year	151,721	94,521
Later than 1 year but not later than 5 years	157,577	105,252
Total	309,298	199,773

37. Fair value measurements

As at 31 December 2018 and 2017, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows.

(Unit: Thousand Baht)				
Consolidated financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale financial assets				
- equity securities	46,498	-	-	46,498
Derivative financial instruments (Note 10)	-	59,601	-	59,601
Property, plant and equipment	-	-	16,840,472	16,840,472
Investment properties	-	-	201,528	201,528
Liabilities measured at fair value				
Derivative financial instruments (Note 10)	106,524	64,879	-	171,403
Liabilities for which fair value are disclosed				
Debentures	-	2,256,828	-	2,256,828

(Unit: Thousand Baht)				
Consolidated financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale financial assets				
- equity securities	53,299	-	-	53,299
Derivative financial instruments (Note 10)	256,739	151,200	-	407,939
Property, plant and equipment	-	-	16,393,918	16,393,918
Investment properties	-	-	188,910	188,910
Liabilities measured at fair value				
Derivative financial instruments (Note 10)	45,338	185,905	-	231,243
Liabilities for which fair value are disclosed				
Debentures	-	2,867,023	-	2,867,023

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2018

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale financial assets				
- equity securities	46,182	-	-	46,182
Derivative financial instruments (Note 10)	30,742	2,337	-	33,079
Property, plant and equipment	-	-	6,487,424	6,487,424
Investment properties	-	-	75,663	75,663
Liabilities measured at fair value				
Derivative financial instruments (Note 10)	95,302	16,030	-	111,332
Liabilities for which fair value are disclosed				
Debentures	-	2,256,828	-	2,256,828

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2017

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale financial assets				
- equity securities	52,097	-	-	52,097
Derivative financial instruments (Note 10)	153,777	102,743	-	256,520
Property, plant and equipment	-	-	6,086,335	6,086,335
Investment properties	-	-	75,663	75,663
Liabilities measured at fair value				
Derivative financial instruments (Note 10)	34,004	164,126	-	198,130
Liabilities for which fair value are disclosed				
Debentures	-	2,867,023	-	2,867,023

During the current period, there was no transfer within the fair value hierarchy.

38. Financial instruments

38.1 Financial risk management

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. Thus, risk management plan for the Group focusing on the fluctuation of financial market to reduce the effect of risk to the Group's operations. The Group used financial instruments to protect potential risk.

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

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, debentures and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements as at 31 December 2018							(Unit: Thousand Baht)
Fixed interest rates							
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate
Financial Assets							
Cash and cash equivalent	1,027,474	-	-	703,086	2,466,740	4,197,300	0.1 - 3.5
Trade and other receivables	-	-	-	-	5,692,013	5,692,013	-
Amounts due from future brokers	976,275	-	-	-	-	976,275	(1)
Deposits at bank with restrictions	-	2,143	-	-	-	2,143	0.9 - 1.4
Long-term investments	-	-	-	-	136,498	136,498	-
Total	2,003,749	2,143	-	703,086	8,295,251	11,004,229	
Financial liabilities							
Trade and other payables	-	-	-	-	2,674,039	2,674,039	-
Short-term borrowings from financial institutions	13,304,953	-	-	2,311,434	-	15,616,387	(1)
Debentures	810,000	1,455,000	-	-	-	2,265,000	(1)
Finance lease liabilities	16,248	25,149	-	-	-	41,397	(1)
Long-term borrowings from financial institutions	489,222	1,793,814	-	6,321,350	-	8,604,386	(2)
Total	14,620,423	3,273,963	-	8,632,784	2,674,039	29,201,209	

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2017

Fixed interest rates

	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate
Financial Assets							
Cash and cash equivalent	4,243	-	-	1,140,186	1,097,471	2,241,900	0.1 - 4.5
Trade and other receivables	-	-	-	-	7,212,308	7,212,308	-
Amounts due from future brokers	810,540	-	-	-	-	810,540	(1)
Deposits at bank with restrictions	10,010	2,129	-	-	-	12,139	0.1 - 1.5
Long-term investments	-	-	-	-	153,299	153,299	-
Total	824,793	2,129	-	1,140,186	8,463,078	10,430,186	
Financial liabilities							
Trade and other payables	-	-	-	-	2,614,840	2,614,840	-
Short-term borrowings from financial institutions	18,212,966	-	-	3,573,060	-	21,786,026	(1)
Debentures	600,000	2,265,000	-	-	-	2,865,000	(1)
Finance lease liabilities	13,167	27,521	-	-	-	40,688	(1)
Long-term borrowings from financial institutions	654	1,642,360	-	5,971,350	-	7,614,364	(2)
Total	18,826,787	3,934,881	-	9,544,410	2,614,840	34,920,918	

Separate financial statements as at 31 December 2018

(Unit: Thousand Baht)

Fixed interest rates

	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate
Financial Assets							
Cash and cash equivalent	-	-	-	106,024	275,791	381,815	(1)
Trade and other receivables	-	-	-	-	3,233,143	3,233,143	-
Amounts due from future brokers	31,300	-	-	-	-	31,300	(1)
Long-term loans to subsidiaries	742,550	1,775,664	-	-	-	2,518,214	(1)
Long-term investments	-	-	-	-	136,182	136,182	-
Total	773,850	1,775,664	-	106,024	3,645,116	6,300,654	
Financial liabilities							
Trade and other payables	-	-	-	-	1,417,779	1,417,779	-
Short-term borrowings from financial institutions	11,320,258	-	-	-	-	11,320,258	(1)
Short-term borrowings from subsidiaries	300,000	-	-	-	-	300,000	(1)
Debentures	810,000	1,455,000	-	-	-	2,265,000	(1)
Finance lease liabilities	3,786	5,756	-	-	-	9,542	(1)
Long-term borrowings from financial institutions	489,222	1,793,814	-	2,671,350	-	4,954,386	(2)
Total	12,923,266	3,254,570	-	2,671,350	1,417,779	20,266,965	

Separate financial statements as at 31 December 2017

(Unit: Thousand Baht)

	Fixed interest rates					Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total
Financial Assets						
Cash and cash equivalent	3,864	-	-	90,877	174,278	269,019
Trade and other receivables	-	-	-	-	4,122,493	4,122,493
Amounts due from future brokers	16,177	-	-	-	-	16,177
Long-term loans to subsidiaries	915,873	1,625,730	-	-	-	2,541,603
Long-term investments	-	-	-	-	152,097	152,097
Total	935,914	1,625,730	-	90,877	4,448,868	7,101,389
Financial liabilities						
Trade and other payables	-	-	-	-	1,719,257	1,719,257
Short-term borrowings from financial institutions	14,754,529	-	-	-	-	14,754,529
Debentures	600,000	2,265,000	-	-	-	2,865,000
Finance lease liabilities	4,092	9,542	-	-	-	13,634
Long-term borrowings from financial institutions	-	1,642,360	-	2,971,350	-	4,613,710
Total	15,358,621	3,916,902	-	2,971,350	1,719,257	23,966,130

(1) Fixed rate per annum

(2) MLR less fixed rate per annum

Interest rate sensitivity analysis

The Group's interest rate risk arises from borrowings. Borrowings on which interest is charged at floating rates expose the Group to risk in respect of interest cash flows.

If the interest rate changes by 0.25% per annum (2017: 0.25% per annum), with all other variables held constant, the impact of floating rate borrowings on profit before tax would be as follows:

(Unit: Thousand Baht)				
As at 31 December 2018				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Impact to profit before tax in the statements of comprehensive income				
- Decrease in interest rate by 0.25%				
Pre-tax profit increase	15,803	14,928	6,678	7,428
- Increase in interest rate by 0.25%				
Pre-tax profit decrease	(15,803)	(14,928)	(6,678)	(7,428)

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2018 (Million)	2017 (Million)	2018 (Million)	2017 (Million)	2018 (Baht per 1 foreign currency unit)	2017 (Baht per 1 foreign currency unit)
US dollar	149.5	103.7	92.0	99.0	32.4498	32.6809
Japan yen	1,086.5	465.4	-	-	0.2931	0.2989
Singapore dollar	2.9	2.7	0.3	0.4	23.6943	24.4503
China yuan	10.6	-	-	0.1	4.7237	5.0145

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2018 (Million)	2017 (Million)	2018 (Million)	2017 (Million)	2018 (Baht per 1 foreign currency unit)	2017 (Baht per 1 foreign currency unit)
US dollar	147.1	159.0	83.6	65.3	32.4498	32.6809
Singapore dollar	2.5	2.2	-	-	23.6943	24.4503

In addition, the Group's exposures to foreign currency risk arises from investments in overseas subsidiaries companies and an indirect joint venture which were unhedged. The management of the Group intend to hold such investments for the long term, and have no plans to dispose of them in the future.

Foreign currency sensitivity analysis

The Group operates internationally and is exposed to foreign exchange risk in respect of various foreign currencies, primarily the US dollar and Indonesian rupiah. Foreign exchange risk arises from commercial transactions, net investment in foreign operations and borrowings. If the exchange rate of the Thai Baht changes by 2.83% (2017: 2.37%) against the US dollar and by 7.72% (2017: 3.15%) against the Indonesian rupiah, with all other variables held constant, profit before tax and shareholders' equity would be affected as follows:

(Unit: Thousand Baht)				
As at 31 December				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Impact to profit before tax in the statements of comprehensive income				
THB against USD				
- Weakened	9,438	35,738	(686)	16,747
- Strengthened	(9,438)	(35,738)	686	(16,747)
THB against IDR				
- Weakened	(77,626)	(49,435)	-	-
- Strengthened	77,626	49,435	-	-
Impact to shareholders' equity in the statements of financial position				
THB against USD				
- Weakened	15,240	130,563	-	-
- Strengthened	(15,240)	(130,563)	-	-
THB against IDR				
- Weakened	60,816	58,294	-	-
- Strengthened	(60,816)	(58,294)	-	-

Risk from fluctuation in raw materials and finished goods prices

The Group is exposed to commodity price risk from the natural rubber industry. The Group have managed the risks arising from price fluctuations by managing raw material sourcing using rubber options, rubber futures, and physical forward contracts to hedge the risk from fluctuation in such prices.

Commodity price sensitivity analysis

The Group uses derivative instruments to manage commodity price risk exposure. If the price of natural rubber changes by 4.11% (2017: 5.44%), with all other variables held constant, profit before tax for the years would be affected as follows:

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Impact to profit before tax in the statements of comprehensive income				
- Decrease in price of natural rubber				
Pre-tax profit decrease	(167,811)	(424,177)	(137,227)	(331,439)
- Increase in price of natural rubber				
Pre-tax profit increase	167,811	424,177	137,227	331,439

Liquidity risk

The Group monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs.

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 based on notional amount. The positive figures represent cash to be inflows and negative figures represent cash to be outflows due to be mature.

The amounts disclosed below are the contractual undiscounted cash flows

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2018

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(15,647,718)	-	-	-	(15,647,718)
Trade accounts payable	(1,395,638)	-	-	-	(1,395,638)
Accrued expenses	(736,004)	-	-	-	(736,004)
Long-term borrowings					
from financial institutions	(1,541,381)	(2,511,510)	(4,338,015)	(1,106,384)	(9,497,290)
Debentures	(868,535)	(42,978)	(1,476,430)	-	(2,387,943)
Finance lease liabilities	(19,025)	(18,506)	(5,491)	-	(43,023)
Derivative financial instruments					
- Cross currency swaps	(256,720)	-	-	-	(256,720)
- Rubber futures (Buy)	(300,211)	-	-	-	(300,211)
- Rubber futures (Sell)	3,657,860	-	-	-	3,657,860
- Forward foreign exchange contracts (Buy)	(476,985)	-	-	-	(476,985)
- Forward foreign exchange contracts (Sell)	2,113,955	-	-	-	2,113,955
- Physical forward contracts (Buy)	(10,346)	-	-	-	(10,346)
- Physical forward contracts (Sell)	24,499	-	-	-	24,499
- Foreign exchange options (Buy)	(1,297,992)	-	-	-	(1,297,992)
- Foreign exchange options (Sell)	2,368,835	-	-	-	2,368,835
- Rubber options (Buy)	(69,606)	-	-	-	(69,606)
- Rubber options (Sell)	20,606	-	-	-	20,606

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2017

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(24,707,198)	-	-	-	(24,707,198)
Trade accounts payable	(1,438,212)	-	-	-	(1,438,212)
Accrued expenses	(796,242)	-	-	-	(796,242)
Long-term borrowings					
from financial institutions	(724,995)	(1,317,825)	(5,029,083)	(1,588,546)	(8,660,449)
Debentures	(683,973)	(863,022)	(1,520,320)	-	(3,067,315)
Finance lease liabilities	(14,736)	(29,103)	-	-	(43,839)
Derivative financial instruments					
- Cross currency swaps	(920,558)	-	-	-	(920,558)
- Rubber futures (Buy)	(121,174)	-	-	-	(121,174)
- Rubber futures (Sell)	5,105,420	-	-	-	5,105,420
- Forward foreign exchange contracts (Sell)	8,615,656	-	-	-	8,615,656
- Physical forward contracts (Buy)	(44,818)	-	-	-	(44,818)
- Foreign exchange options (Buy)	(4,379,240)	-	-	-	(4,379,240)
- Foreign exchange options (Sell)	12,549,466	-	-	-	12,549,466
- Rubber options (Buy)	(874,998)	-	-	-	(874,998)
- Rubber options (Sell)	1,648,392	-	-	-	1,648,392

(Unit: Thousand Baht)

Separate financial statements as at 31 December 2018

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(11,332,805)	-	-	-	(11,332,805)
Trade accounts payable	(888,311)	-	-	-	(888,311)
Accrued expenses	(319,860)	-	-	-	(319,860)
Long-term borrowings					
from financial institutions	(1,113,298)	(2,098,764)	(2,118,367)	-	(5,330,429)
Debentures	(868,535)	(42,978)	(1,476,430)	-	(2,387,943)
Finance lease liabilities	(3,786)	(5,817)	-	-	(9,603)
Derivative financial instruments					
- Cross currency swaps	(256,720)	-	-	-	(256,720)
- Rubber futures (Buy)	(230,998)	-	-	-	(230,998)
- Rubber futures (Sell)	3,017,759	-	-	-	3,017,759
- Forward foreign exchange contracts (Buy)	(476,985)	-	-	-	(476,985)
- Forward foreign exchange contracts (Sell)	2,008,153	-	-	-	2,008,153
- Foreign exchange options (Buy)	(713,896)	-	-	-	(713,896)
- Foreign exchange options (Sell)	2,239,036	-	-	-	2,239,036
- Rubber options (Buy)	(69,606)	-	-	-	(69,606)
- Rubber options (Sell)	20,606	-	-	-	20,606

(Unit: Thousand Baht)

Separate financial statements as at 31 December 2017

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings					
from financial institutions	(17,649,531)	-	-	-	(17,649,531)
Trade accounts payable	(1,168,260)	-	-	-	(1,168,260)
Accrued expenses	(360,774)	-	-	-	(360,774)
Long-term borrowings					
from financial institutions	(493,426)	(1,077,900)	(3,550,501)	-	(5,121,827)
Debentures	(683,972)	(863,022)	(1,520,320)	-	(3,067,314)
Finance lease liabilities	(4,585)	(10,196)	-	-	(14,781)
Derivative financial instruments					
- Cross currency swaps	(920,558)	-	-	-	(920,558)
- Rubber futures (Buy)	(86,694)	-	-	-	(86,694)
- Rubber futures (Sell)	3,480,532	-	-	-	3,480,532
- Forward foreign exchange contracts (Sell)	4,941,931	-	-	-	4,941,931
- Foreign exchange options (Buy)	(2,549,110)	-	-	-	(2,549,110)
- Foreign exchange options (Sell)	9,869,632	-	-	-	9,869,632
- Rubber options (Buy)	(874,998)	-	-	-	(874,998)
- Rubber options (Sell)	1,648,392	-	-	-	1,648,392

38.2. Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available. Most of the inputs used for the valuation are observable in the relevant market.

During the current year, there were no transfers within the fair value hierarchy.

39. Financial instruments by category

(Unit: Thousand Baht)				
Consolidated financial statements				
31 December 2018				
Assets at fair value				
	Through the profit and loss	Through the comprehensive income	Other financial assets	Total
Assets as per statement of financial position				
Cash and cash equivalents	-	-	4,197,300	4,197,300
Derivative financial instruments	59,601	-	-	59,601
Trade accounts receivable, net	-	-	5,136,782	5,136,782
Amounts due from future brokers	-	-	976,275	976,275
Fixed deposits pledged as collateral	-	-	2,143	2,143
Long-term investments	-	46,498	90,000	136,498
Total	59,601	46,498	10,402,500	10,508,599

(Unit: Thousand Baht)			
Consolidated financial statements			
31 December 2018			
	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per statement of financial position			
Trade accounts payable	-	1,378,311	1,378,311
Short-term borrowings from financial institutions	-	15,616,387	15,616,387
Current portion of long-term borrowings from financial institutions	-	1,260,000	1,260,000
Current portion of debentures	-	810,000	810,000
Current portion of finance lease liabilities	-	16,248	16,248
Derivative financial instruments	171,403	-	171,403
Long-term borrowings from financial institutions	-	7,344,386	7,344,386
Debentures	-	1,455,000	1,455,000
Finance lease liabilities	-	25,149	25,149
Total	171,403	27,905,481	28,076,884

(Unit: Thousand Baht)

Consolidated financial statements

31 December 2017

Assets at fair value

	Through the profit and loss	Through the comprehensive income	Other financial assets	Total
Assets as per statement of financial position				
Cash and cash equivalents	-	-	2,241,900	2,241,900
Derivative financial instruments	407,939	-	-	407,939
Trade accounts receivable, net	-	-	6,339,390	6,339,390
Amounts due from future brokers	-	-	810,540	810,540
Fixed deposits pledged as collateral	-	-	12,139	12,139
Long-term investments	-	53,299	100,000	153,299
Total	407,939	53,299	9,503,969	9,965,207

(Unit: Thousand Baht)

Consolidated financial statements

31 December 2017

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per statement of financial position			
Trade accounts payable	-	1,401,217	1,401,217
Short-term borrowings from financial institutions	-	21,786,026	21,786,026
Current portion of long-term borrowings from financial institutions	-	420,654	420,654
Current portion of debentures	-	600,000	600,000
Current portion of finance lease liabilities	-	13,167	13,167
Derivative financial instruments	231,243	-	231,243
Long-term borrowings from financial institutions	-	7,193,710	7,193,710
Debentures	-	2,265,000	2,265,000
Finance lease liabilities	-	27,521	27,521
Total	231,243	33,707,295	33,938,538

(Unit: Thousand Baht)

Separate financial statements

31 December 2018

Assets at fair value

	Through the profit and loss	Through the comprehensive income	Other financial assets	Total
Assets as per statement of financial position				
Cash and cash equivalents	-	-	381,815	381,815
Derivative financial instruments	33,079	-	-	33,079
Trade accounts receivable, net	-	-	3,079,217	3,079,217
Amounts due from future brokers	-	-	31,300	31,300
Current portion of long-term borrowings to subsidiaries	-	-	742,550	742,550
Long-term borrowings to subsidiaries	-	-	1,775,664	1,775,664
Long-term investments	-	46,182	90,000	136,182
Total	33,079	46,182	6,100,546	6,179,807

(Unit: Thousand Baht)

Separate financial statements

31 December 2018

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per statement of financial position			
Trade accounts payable	-	874,598	874,598
Short-term borrowings from financial institutions	-	11,320,258	11,320,258
Current portion of long-term borrowings from financial institutions	-	965,000	965,000
Current portion of debentures	-	810,000	810,000
Current portion of finance lease liabilities	-	3,786	3,786
Derivative financial instruments	111,332	-	111,332
Long-term borrowings from financial institutions	-	3,989,386	3,989,386
Debentures	-	1,455,000	1,455,000
Finance lease liabilities	-	5,756	5,756
Total	111,332	19,423,784	19,535,116

(Unit: Thousand Baht)

Separate financial statements

31 December 2017

Assets at fair value

Assets as per statement of financial position

	Through the profit and loss	Through the other comprehensive income	Other financial assets	Total
Cash and cash equivalents	-	-	269,019	269,019
Derivative financial instruments	256,520	-	-	256,520
Trade accounts receivable, net	-	-	3,901,240	3,901,240
Amounts due from future brokers	-	-	16,177	16,177
Current portion of long-term borrowings to subsidiaries	-	-	915,873	915,873
Long-term borrowings to subsidiaries	-	-	1,625,730	1,625,730
Long-term investments	-	52,097	100,000	152,097
Total	256,520	52,097	6,828,039	7,136,656

(Unit: Thousand Baht)

Separate financial statements

31 December 2017

Liabilities as per statement of financial position

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Trade accounts payable	-	1,140,950	1,140,950
Short-term borrowings from financial institutions	-	14,754,529	14,754,529
Current portion of long-term borrowings from financial institutions	-	300,000	300,000
Current portion of debentures	-	600,000	600,000
Current portion of finance lease liabilities	-	4,092	4,092
Derivative financial instruments	198,130	-	198,130
Long-term borrowings from financial institutions	-	4,313,710	4,313,710
Debentures	-	2,265,000	2,265,000
Finance lease liabilities	-	9,542	9,542
Total	198,130	23,387,823	23,585,953

40. 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:

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 had been renegotiated during the financial year.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deposits held at call with banks				
Aa1	705,142	156,200	-	11,938
Aa2	-	78,636	-	-
Aa3	502,224	20,918	689	-
A1	511,612	237,900	4,797	686
Ba1	208	-	173	-
Ba3	126,197	-	-	-
Baa1	1,069,195	1,362,131	340,521	218,480
Baa2	1,266,632	54,705	31,185	14,634
Baa3	-	215,969	-	-
No rating	3,180	5,468	-	-
Total deposits held at call with banks	4,184,390	2,131,927	377,365	245,738

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable				
Counterparties without external credit rating				
Group 1	355,425	735,927	141,208	389,191
Group 2	4,763,895	5,544,719	2,938,009	3,512,049
Group 3	17,462	58,744	-	-
Total unimpaired trade accounts receivable	5,136,782	6,339,390	3,079,217	3,901,240

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Derivative financial instruments				
Counterparties with external credit rating				
Aa1	43,477	60	26,552	-
Aa3	8,884	9,655	-	8,781
A3	-	5,380	-	5,380
Baa1	2,337	131,690	2,337	86,100
Baa2	-	4,416	-	2,482
Counterparties without external credit rating				
Group 2	4,903	256,738	4,190	153,777
Total derivative financial instruments (Note 10)	59,601	407,939	33,079	256,520

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Fixed deposits pledged as collateral				
Aa2	-	10,010	-	-
Baa1	2,143	2,129	-	-
Total fixed deposits pledged as collateral (Note 11)	2,143	12,139	-	-

41. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio were 1.22 (2017: 1.57:1) and the Company's was 1.00 (2017: 1.27:1).

42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.

Auditor's Remuneration

Auditor's Remuneration Audit Fee

The audit fee for the year 2018 of STA and its subsidiaries amounted to Baht 12.57 million, which consisted of the fee for the audit of stand-alone financial statements in the amount of Baht 5.66 million and the fee for the audit of STA's subsidiaries in the amount of Baht 6.91 million.

Non-Audit Fee

The non-audit fee for the year 2018 of STA and its subsidiaries was for the BOI and tax consultancy services in the amount of Baht 1.35 million, of which will be paid upon completion of the service which was agreed upon in the past financial year.

References

Share Registrar

Thailand Securities Depository Co., Ltd.

93 The Stock Exchange of Thailand Building,

Ratchadaphisek Road, 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.

50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623

Telephone : 65-6536 5355

Fax : 65-6536 1360

Auditor

Mr. Supachai Panyawattano, Certified Public Accountant (Thailand) No. 3930 or

Miss Krongkaew Limkittikun, Certified Public Accountant (Thailand) No. 5874 or

Mr. Nuttawut Santiphet, Certified Public Accountant (Thailand) No. 5730

EY Office Limited

193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110 Thailand

Telephone : 66-2264-9090

Fax : 66-2264-0789

Debenture Registrar for STA No. 1/2016

Siam Commercial Public Company Limited

9 Ratchadapisek Road, Chatuchak, Bangkok, 10900 Thailand

Telephone : 66-2256-2323

Fax : 66-2256-2414

Legal Advisor

Weerawong, Chinnavat & Partners LTD.

540 Mercury Tower, 22nd floor, Ploenchit Rd., Lumpini, Pathumwan, Bangkok, 10330, Thailand

Telephone : 66-2264-8000

Fax : 66-2657-2222




SRI TRANG

GENERAL INFORMATION

Information of the Company

Name of the Company (Thai)	: บริษัท ศรีตรังแอโกรินดัสทรี จำกัด (มหาชน)
Name of the Company (English)	: Sri Trang Agro-Industry Public Company Limited
Head Office	: 10 Soi 10, Phetkasem Road, Hatyai, Songkhla, 90110 Thailand
Telephone	: 66-7434-4663 (Automatic 14 Lines)
Fax	: 66-7434-4677, 66-7423-7423, 66-7423-7832
Type of Business	: Production and export of RSS, TSR and Concentrated Latex
Registration No.	: 0107536001656
Website	: www.sritranggroup.com
Type of Shares	: Ordinary shares
Registered Capital	: Baht 1,535,999,998
Paid-up Capital	: Baht 1,535,999,998
Issued Shares	: 1,535,999,998 shares 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 as of 31 December 2018

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
<i>Total number of shares directly held by STA : 4,999,994 shares or 99.99%</i>	

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
Telephone	: 66-7437-9978-9
Fax	: 66-7437-9976
Type of shares	: Ordinary shares
<i>Total number of shares directly held by STA : 9,994 shares or 99.94%</i>	

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	: 66-7422-2900-9
Fax	: 66-7422-2910-12
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	: 1) 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand 2) 17 th Floor, Park Venture Ecoplex Unit 1701, 1707-1712, 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3) 338 Moo 2, Nonsomboon Subdistrict, Mueang Bungkan District, Bungkan Province, 38000 Thailand 4) 338 Moo 1, Kokma Subdistrict, Prakonchai District, Burirum Province, 31140 Thailand 5) 188 Moo 10, Bangsaiyai Subdistrict, Mueang Mukdahan Subdistrict, Mukdahan Province, 49000 Thailand
Type of Business	: Production of Concentrated Latex/ Block rubber
Telephone	: 66-7429-1223-4, 66-7429-1755, 66-7429-1476
Fax	: 66-7429-1477
Type of Shares	: Ordinary shares
Total number of shares directly held by STA : 15,999,994 shares or 99.99%	

Sri Trang Gloves (Thailand) Co., Ltd.

Head Office	: 110 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand
Branch Office	: 1) 10 Soi 10, Phetkasem Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand 2) 17 th Floor, Park Venture Ecoplex Unit 1701, 1707-1712, 57 Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok, 10330 Thailand 3) 109/2 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand 4) 352 Kanjanavanit Road, Pahtong Subdistrict, Hatyai District, Songkhla Province, 90230 Thailand 5) 189 Moo 7, Plaiwas Subdistrict, Karnchanadit District, Surat Thani Province, 84160 Thailand 6) 39/1 Moo 9, Tungkai Subdistrict, Yantakao District, Trang Province, 92140 Thailand
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 : 16,300 shares or 81.50%	

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 domestic 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	: 36/82 PS Tower 23Fl. Sukhumvit 21 Road (Asoke), Klong Toe Nua Subdistrict, Watana District, Bangkok, 10110 Thailand
Type of Business	: Ownership and management of rubber and oil palm plantations and investment
Telephone	: 662-259-2964-71
Fax	: 662-259-2958
Type of Shares	: Ordinary shares

Total number of shares directly held by STA : 26,349,998 shares or 99.99%

Thai Tech Rubber

Head Office	:	2 Juti Utit 3 Road, Hatyai Subdistrict, Hatyai District, Songkhla Province, 90110 Thailand
Type of Business	:	Production of block rubber
Telephone	:	66-7423-0768, 66-7423-0406-7, 66-7423-9063-4
Fax	:	66-7423-8650
Type of Shares	:	Ordinary shares
<i>Total number of shares directly held by STA : 255,028 shares or 42.50%</i>		

Pattana Agro Futures

Head Office	:	33/109 Wallstreet Tower, 21 Floor, Surawongse Road, Surawongse Subdistrict, Bangrak District, Bangkok, 10500 Thailand
Type of Business	:	Brokerage activities (no transaction)
Telephone	:	66-2632-7300
Fax	:	66-2632-7245
Type of Shares	:	Ordinary shares
<i>Total number of shares directly held by STA : 1,000,000 shares or 40.00%</i>		

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
<i>Total number of shares directly held by STA : 65,549,993 shares or 99.99%</i>		

Sri Trang International

Head Office	:	1 Wallich Street, No. 25-02, Guoco Tower, 078881, Singapore
Type of Business	:	Distribution of natural rubber and gloves in Singapore
Telephone	:	65-6532-5210, 65-6532-5321
Fax	:	65-6532-7501
Type of Shares	:	Ordinary shares
<i>Total number of shares directly held by Startex Rubber : 61,000,000 shares or 100.00%</i>		

Sri Trang USA, Inc.

Head Office	:	5820 West Cypress Street, Suite H, Tampa, Florida, 33607-1785, United States
Type of Business	:	Distribution of natural rubber and gloves in the United States
Telephone	:	1-813-606-4301
Fax	:	1-813-606-4314
Type of Shares	:	Common stock
<i>Total number of shares directly held by STA : 1,000 shares or 100.00%</i>		

PT Sri Trang Lingga

Head Office : Jalan TPA2, RT.26 & 29 Keramasan, Palembang,
South Sumatera, Palembang 30259, Indonesia

Type of Business : Production of block rubber

Telephone : 62-711-445-666

Fax : 62-711-445-222

Type of Shares : Ordinary shares

Total number of shares directly held by STA : 18,000 shares or 90.00%

Shi Dong Investments

Head Office : 1 Wallich Street, No. 25-02, Guoco Tower, 078881, Singapore

Type of Business : Investment holding in PT Star Rubber

Telephone : 65-6532-5210, 65-6532-5321

Fax : 65-6532-7501

Type of Shares : Ordinary shares

Total number of shares directly held by Sri Trang International: 48,000,000 shares or 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

Branch Office : Jl. Lintas Sumatera Km. 52, RT. 005 Desa Sirih Sehapur, Kec. Jujuhan,
Kab. Muara Bungo, 37257, Jambi, 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. : 41,400 shares or 99.00%

Shi Dong Shanghai

Head Office : 5F East, Block B of W Square, No. 1686 Wuzhong Road,
Minhang District, Shanghai, China 201103

Type of Business : Distribution of natural rubber and gloves 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

Head Office	:	Room no. 7.01A, 7 th 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
<i>Total number of shares directly held by Sri Trang International : 100.00%</i>		

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	:	959-9638-82676
Fax	:	N/A
Type of Shares	:	Ordinary shares
<i>Total number of shares directly held by Sri Trang International : 59.00%</i>		

Shi Dong Shanghai Medical Equipment

Head Office	:	5 th Floor, Block B of W Square, No. 1686 Wuzhong Road, Minhang District, Shanghai, China 201103
Type of Business	:	Distribution of rubber gloves in PRC
Telephone	:	8621-64137860-616
Fax	:	8621-64137315
Type of Shares	:	Ordinary shares
<i>Total number of shares directly held by Startex Rubber : 100.00%</i>		

Thai Rubber Joint Venture Limited

Head Office	:	67/25 Bangkhunnon Road, Bangkhunon, Bangkoknoi, Bangkok, Thailand, 10700
Type of Business	:	Domestic and international trade of rubber
Telephone	:	N/A
Fax	:	N/A
Type of Shares	:	Ordinary shares
<i>Total number of shares directly held by STA : 16.67%</i>		

DEFINED TERMS AND ABBREVIATIONS

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

Our Group Companies and Other Entities

<i>Anvar Parawood</i>	:	Anvar Parawood Company Limited
<i>Company or STA</i>	:	Sri Trang Agro-Industry Public Company Limited
<i>Nam Hua Rubber</i>	:	Nam Hua Rubber Company Limited
<i>Pattana Agro Futures</i>	:	Pattana Agro Futures Company Limited
<i>Premier System Engineering</i>	:	Premier System Engineering Company Limited
<i>PT Sri Trang Lingga</i>	:	PT Sri Trang Lingga Indonesia
<i>PT Star Rubber</i>	:	PT Star Rubber Indonesia
<i>Rubberland Products</i>	:	Rubberland Products Company Limited
<i>Sadao P.S. Rubber</i>	:	Sadao P.S. Rubber Company Limited
<i>Semperflex Asia or SAC</i>	:	Semperflex Asia Corporation Limited
<i>Semperit</i>	:	Semperit Technische Produkte Gesellschaft m.b.H., a subsidiary of Semperit AG Holding
<i>Shi Dong Investments</i>	:	Shi Dong Investments Pte. Ltd.
<i>Shi Dong Shanghai</i>	:	Shi Dong Shanghai Rubber Co., Ltd.
<i>Shi Dong Shanghai Medical Equipment</i>	:	Shi Dong Shanghai Medical Equipment Co., Ltd.
<i>Sri Trang Ayeyar</i>	:	Sri Trang Ayeyar Rubber Industry Company Limited
<i>Sri Trang Indochina</i>	:	Sri Trang Indochina (Vietnam) Co., Ltd.
<i>Sri Trang International</i>	:	Sri Trang International Pte. Ltd.
<i>Sri Trang Gloves (Thailand) or STGT</i>	:	Sri Trang Gloves (Thailand) Co., Ltd.
<i>Sri Trang Rubber & Plantation</i>	:	Sri Trang Rubber & Plantation Company Limited
<i>Sri Trang USA</i>	:	Sri Trang USA, Inc.
<i>Starlight Express Transport</i>	:	Starlight Express Transport Company Limited
<i>Startex Rubber</i>	:	Startex Rubber Corporation Limited
<i>Thai Tech Rubber</i>	:	Thaitech Rubber Corporation Limited

General

<i>CDP</i>	:	The Central Depository (Pte) Limited
<i>Code of Corporate Governance</i>	:	Singapore Code of Corporate Governance 2012
<i>Concentrated Latex</i>	:	Liquid latex with a dry rubber content of approximately 60.0%
<i>Listing Manual</i>	:	The listing manual of the SGX-ST
<i>Natural Rubber Products</i>	:	RSS, TSR and Concentrated Latex
<i>Office of the SEC</i>	:	The office of the SEC
<i>OTC</i>	:	Over the counter
<i>Other Finished Products</i>	:	Finished products, including high-pressure hydraulic hoses, escalator handrails and various rubber and plastic parts which are mainly used in electrical appliances
<i>PLCA</i>	:	The Public Limited Companies Act B.E. 2535 (1992) of Thailand, as amended from time to time
<i>RSS</i>	:	Ribbed smoked sheet
<i>RAOT</i>	:	Rubber Authority of Thailand
<i>SEC</i>	:	The Securities and Exchange Commission of Thailand
<i>SEC Act</i>	:	The Securities and Exchange Act. B.E. 2535 (1992) of Thailand, as amended from time to time
<i>SET</i>	:	The Stock Exchange of Thailand
<i>SGX-ST</i>	:	Singapore Exchange Securities Trading Limited
<i>SICOM</i>	:	Singapore Commodity Exchange Limited
<i>STR</i>	:	Standard Thai rubber
<i>Thai GAAP</i>	:	Generally accepted accounting principles in Thailand
<i>TSD</i>	:	The Thailand Securities Depository Co., Ltd.
<i>TSR</i>	:	Technically specified rubber, which includes STR and SIR

Currencies and Measurements

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



To Deliver
「Touch Of Life」™
On A Global Scale

“ Because
every touch
has a meaning ”

Discover our 「Touch Of Life」™
product line at





Sri Trang Agro-Industry Public Company Limited

10 Soi 10, Phetkasem Road, Hatyai, Songkhla 90110, Thailand
Tel. 0-7434-4663 Fax. 0-7434-4676, 0-7434-4677, 0-7423-7423
Website www.sritranggroup.com

