

## Part 3

### Financial Status and Operational Results

#### 13. Significant financial information

##### 13.1 Summary of the financial statements

Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	7	157,594,536	190,166,606	43,078,846	43,551,259
Trade accounts receivable	6, 8	987,070,731	971,286,489	849,776,290	825,467,156
Other receivables	6, 9	127,679,923	107,748,702	71,950,711	98,850,694
Short-term loans to related parties	6	-	-	1,030,932,600	1,447,203,000
Inventories	10	1,250,962,210	1,306,336,097	798,401,749	907,405,705
Other current assets		64,948,814	83,062,900	54,066,220	61,595,877
Total current assets		2,588,256,214	2,658,600,794	2,848,206,416	3,384,073,691
<i>Non-current assets</i>					
Restricted deposit at financial institution		16,621,011	10,000,000	6,531,911	
Investments in associates	11	30,981,598	32,304,199	-	-
Investments in subsidiaries	12	-	-	1,873,274,123	1,929,960,080
Other long-term investments	14	81,200,000	100,000,000	81,200,000	100,000,000
Investment properties	15	561,070,000	557,950,000	120,590,000	120,450,000
Property, plant and equipment	16	3,501,213,899	3,343,089,354	1,078,323,515	1,145,343,208
Goodwill	5	12,302,815	-	-	-
Other intangible assets	17	4,040,441	5,245,837	357,687	494,340
Land possessory rights	18	193,157,504	193,157,504	6,270,000	6,270,000
Rubber plantation development costs	20	885,902,465	877,436,529	-	-
Withholding tax deducted at source		163,765,430	165,229,088	157,296,158	159,391,949
Advance payment for land possessory rights	19	34,830,416	36,548,648	-	-
Deferred tax assets	21	14,732,332	19,421,830	-	-
Other non-current assets		9,773,231	8,636,717	2,454,078	1,670,363
Total non-current assets		5,509,591,142	5,349,019,706	3,326,297,472	3,463,579,940
Total assets		8,097,847,356	8,007,620,500	6,174,503,888	6,847,653,631



Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries  
Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
(in Baht)					
<b>Current liabilities</b>					
Bank overdrafts and short-term borrowings					
from financial institutions	22	3,623,105,225	3,402,760,800	2,974,031,926	2,907,325,052
Trade accounts payable	6, 23	175,389,832	204,762,741	63,083,025	46,945,063
Other payables	6, 24	103,945,730	154,780,248	31,023,353	50,379,848
Short-term borrowings from related parties	6, 22	4,500,000	8,000,000	47,000,000	32,000,000
Current portion of long-term borrowings					
from financial institutions	22	132,500,000	108,750,000	82,500,000	58,750,000
Current portion of finance lease liabilities	22	40,677,651	74,804,624	39,312,538	73,159,703
Accrued expenses		48,940,635	76,055,438	13,346,170	29,740,989
Current income tax payable		1,383,845	9,211,468	-	-
Other current liabilities		3,815,330	5,324,277	1,372,843	3,170,942
<b>Total current liabilities</b>		<b>4,134,258,248</b>	<b>4,044,449,596</b>	<b>3,251,669,855</b>	<b>3,201,471,597</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institut	22	1,166,287,175	1,123,750,000	816,250,000	898,750,000
Finance lease liabilities	22	54,480,947	90,642,695	51,403,291	86,827,194
Non-current provisions for employee	25	55,368,540	67,169,168	37,238,323	49,068,594
Deferred tax liabilities	21	246,580,213	239,531,642	53,601,256	62,977,910
Other non-current liability		3,000,000	3,000,000	-	-
<b>Total non-current liabilities</b>		<b>1,525,716,875</b>	<b>1,524,093,505</b>	<b>958,492,870</b>	<b>1,097,623,698</b>
<b>Total liabilities</b>		<b>5,659,975,123</b>	<b>5,568,543,101</b>	<b>4,210,162,725</b>	<b>4,299,095,295</b>
<b>Equity</b>					
Share capital:					
Authorised share capital	26	681,479,688	1,881,479,688	681,479,688	1,881,479,688
Issued and paid-up share capital	26	681,479,688	1,685,079,688	681,479,688	1,685,079,688
Share premium					
Share premium on ordinary shares	26	342,170,431	342,170,431	342,170,431	342,170,431
Difference from business combination					
under common control	3, 27	-	(1,003,600,000)	-	(397,599,771)
Retained earnings (deficit)					
Appropriated					
Legal reserve	27	108,695,924	135,555,246	70,972,000	58,650,000
Unappropriated (deficit)		(164,845,405)	(242,494,785)	357,930,077	307,559,235
Other components of equity	27	1,251,504,648	1,300,735,197	511,788,967	552,698,753
<b>Equity attributable to owners</b>					
of the parent		2,219,005,286	2,217,445,777	1,964,341,163	2,548,558,336
Non-controlling interests	13	218,866,947	221,631,622	-	-
<b>Total equity</b>		<b>2,437,872,233</b>	<b>2,439,077,399</b>	<b>1,964,341,163</b>	<b>2,548,558,336</b>
<b>Total liabilities and equity</b>		<b>8,097,847,356</b>	<b>8,007,620,500</b>	<b>6,174,503,888</b>	<b>6,847,653,631</b>



Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December	Year ended 31 December	Year ended 31 December	Year ended 31 December
	Note	2018	2017	2018	2017
		(in Baht)			
<b>Income</b>					
Revenue from sales of goods and rendering of services	36	7,513,341,602	9,427,156,914	5,699,585,876	2,854,756,123
Other income	29	62,908,284	40,981,860	123,952,446	300,761,841
<b>Total income</b>		<b>7,576,249,886</b>	<b>9,468,138,774</b>	<b>5,823,538,322</b>	<b>3,155,517,964</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services	10	6,645,123,582	8,401,275,633	5,168,128,880	2,701,864,281
Distribution costs	30	310,329,370	332,388,848	252,574,469	52,517,253
Administrative expenses	31	358,190,547	331,407,527	217,728,554	51,109,982
Finance costs	34	190,614,698	174,873,169	158,437,594	99,946,905
<b>Total expenses</b>		<b>7,504,258,197</b>	<b>9,239,945,177</b>	<b>5,796,869,497</b>	<b>2,905,438,421</b>
Share of profit (loss) of investments in associates	11	(712,667)	441,572	-	-
<b>Total</b>		<b>(712,667)</b>	<b>441,572</b>	<b>-</b>	<b>-</b>
<b>Profit before income tax expense</b>		<b>71,279,022</b>	<b>228,635,169</b>	<b>26,668,825</b>	<b>250,079,543</b>
Tax (income) expense	35	(8,968,710)	(34,259,858)	11,975,441	(3,653,781)
<b>Profit for the year</b>		<b>62,310,312</b>	<b>194,375,311</b>	<b>38,644,266</b>	<b>246,425,762</b>
<b>Other comprehensive income</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(4,779,318)	(789,495)	-	-
Share of other comprehensive income (expense) of associate	11	(74,334)	54,016	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>(4,853,652)</b>	<b>(735,479)</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified to profit or loss</i>					
Gains on revaluation of assets		-	60,670,000	-	-
Defined benefit plan actuarial gains (losses)	25	13,490,850	(802,288)	12,993,937	(101,234)
Income tax relating to items that will not be reclassified	21	(2,698,170)	(12,050,894)	(2,598,787)	20,247
<b>Total items that will not be reclassified to profit or loss</b>		<b>10,792,680</b>	<b>47,816,818</b>	<b>10,395,150</b>	<b>(80,987)</b>
<b>Other comprehensive income (expense) for the year, net of income tax</b>		<b>5,939,028</b>	<b>47,081,339</b>	<b>10,395,150</b>	<b>(80,987)</b>
<b>Total comprehensive income for the year</b>		<b>68,249,340</b>	<b>241,456,650</b>	<b>49,039,416</b>	<b>246,344,775</b>
<b>Profit attributable to:</b>					
Owners of the parent		18,224,798	144,406,056	38,644,266	246,425,762
Non-controlling interests	13	44,085,514	49,969,255	-	-
<b>Profit for the year</b>		<b>62,310,312</b>	<b>194,375,311</b>	<b>38,644,266</b>	<b>246,425,762</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		25,275,051	192,054,630	49,039,416	246,344,775
Non-controlling interests	13	42,974,289	49,402,020	-	-
<b>Total comprehensive income for the year</b>		<b>68,249,340</b>	<b>241,456,650</b>	<b>49,039,416</b>	<b>246,344,775</b>
<b>Earnings per share</b>					
Basic earnings per share (in Baht)	37	0.03	0.21	0.06	0.36



Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries

Statement of changes in equity

Consolidated financial statements													
Note				Retained earnings		Other components of shareholders' equity							
						Share of other							
	Issued and paid-up share capital	Share premium	Difference from business combination under common control	Legal reserve	Unappropriated (Deficit)	Translating foreign operations	Revaluation surplus	Changes in ownership interest in subsidiary	comprehensive income/(expenses) of investments in associates	Total other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
													(in Baht)
For the year ended 31 December 2017													
Balance at 1 January 2017	681,479,688	342,170,431	-	123,676,011	(439,021,914)	(4,993,773)	1,331,666,509	(11,412,912)	1,827,107	1,317,086,931	2,025,391,147	188,034,158	2,213,425,305
Transactions with owners, recorded directly in equity													
<i>Contributions by and distributions to owners of the parent</i>													
Issue of ordinary shares	26	1,003,600,000	-	-	-	-	-	-	-	-	1,003,600,000	9,962,041	1,013,562,041
Dividends paid in subsidiaries		-	-	-	-	-	-	-	-	-	-	(25,766,597)	(25,766,597)
Total transactions with owners, recorded directly in equity		1,003,600,000	-	-	-	-	-	-	-	-	1,003,600,000	(15,804,556)	987,795,444
Comprehensive income for the year													
Profit for the year		-	-	-	144,406,056	-	-	-	-	-	144,406,056	49,969,255	194,375,311
Other comprehensive income		-	-	-	(647,686)	(253,323)	48,495,567	-	54,016	48,296,260	47,648,574	(567,235)	47,081,339
Total comprehensive income for the year		-	-	-	143,758,370	(253,323)	48,495,567	-	54,016	48,296,260	192,054,630	49,402,020	241,456,650
Transfer to legal reserve in subsidiary		-	-	11,879,235	(11,879,235)	-	-	-	-	-	-	-	-
Transfer to retained earnings		-	-	-	64,647,994	-	(64,647,994)	-	-	(64,647,994)	-	-	-
Effect of business restructuring	3	-	(1,003,600,000)	-	-	-	-	-	-	-	(1,003,600,000)	-	(1,003,600,000)
Balance at 31 December 2017		1,685,079,688	342,170,431	(1,003,600,000)	135,555,246	(242,494,785)	(5,247,096)	1,315,514,082	(11,412,912)	1,881,123	1,300,735,197	2,217,445,777	2,439,077,399



Thai Rubber Latex Corporation (Thailand) Public Company Limited and its subsidiaries

Statement of changes in equity

Consolidated financial statements													
Note	Issued and paid-up share capital		Difference from business combination under common control		Retained earnings		Other components of shareholders' equity					Total equity	
					Legal reserve	Unappropriated (Deficit)	Translating foreign operations	Revaluation surplus	Changes in ownership interest in subsidiaries	Share of other comprehensive income/(expenses) of investments in associates	Total other components of equity	attributable to owners of the parent	Non-controlling interests
	share capital	Share premium	combination under common control		reserve	(Deficit)	foreign operations	surplus	(in Baht)			of the parent	interests
For the year ended 31 December 2018													
Balance at 1 January 2018	1,685,079,688	342,170,431	(1,003,600,000)		135,555,246	(242,494,785)	(5,247,096)	1,315,514,082	(11,412,912)	1,881,123	1,300,735,197	2,217,445,777	221,631,622
Transactions with owners, recorded directly in equity													
<i>Contributions by and distributions to owners of the parent</i>													
Issue of ordinary shares	26	(1,003,600,000)	-	-	-	-	-	-	-	-	-	(1,003,600,000)	-
Dividends paid in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(16,287,192)
Dividends paid to owners of the Company	38	-	-	-	-	(27,256,360)	-	-	-	-	-	(27,256,360)	-
Total transactions with owners, recorded directly in equity		(1,003,600,000)	-	-	-	(27,256,360)	-	-	-	-	-	(1,030,856,360)	(16,287,192)
<i>Changes in ownership interests in subsidiaries</i>													
Acquisition of non-controlling interests without a change in control	5(b)	-	-	-	7,971,047	(11,990,050)	434,092	3,585,746	3,539,983	-	7,559,821	3,540,818	(29,451,772)
Total changes in ownership interests in subsidiaries		-	-	-	7,971,047	(11,990,050)	434,092	3,585,746	3,539,983	-	7,559,821	3,540,818	(29,451,772)
<i>Comprehensive income for the year</i>													
Profit for the year		-	-	-	-	18,224,798	-	-	-	-	-	18,224,798	44,085,514
Other comprehensive income		-	-	-	-	11,153,257	(4,028,670)	-	-	(74,334)	(4,103,004)	7,050,253	(1,111,225)
Total comprehensive income for the year		-	-	-	-	29,378,055	(4,028,670)	-	-	(74,334)	(4,103,004)	25,275,051	42,974,289
Transfer to legal reserve		-	-	-	12,322,000	(12,322,000)	-	-	-	-	-	-	-
Transfer to legal reserve in subsidiary		-	-	-	3,227,631	(3,227,631)	-	-	-	-	-	-	-
Transfer to retained earnings		-	-	-	-	52,687,366	-	(52,687,366)	-	-	(52,687,366)	-	-
Effect of business restructuring	3	-	-	1,003,600,000	(50,380,000)	50,380,000	-	-	-	-	-	1,003,600,000	-
Balance at 31 December 2018		681,479,688	342,170,431	-	108,695,924	(164,845,405)	(8,841,674)	1,266,412,462	(7,872,929)	1,806,789	1,251,504,648	2,219,005,286	218,866,947



Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries

Statement of changes in equity

Separate financial statements							
Note	Issued and paid-up share capital	Share premium	Difference from business combination under common control	Retained earnings		Other components of shareholders' equity	Total equity
				Legal reserve	Unappropriated	Revaluation surplus	
				(in Baht)			
For the year ended 31 December 2017							
Balance at 1 January 2017	681,479,688	342,170,431	-	58,650,000	52,862,614	163,450,828	1,298,613,561
Transactions with owners, recorded directly in equity							
<i>Contributions by owners of the parent</i>							
Issue of ordinary shares	26	1,003,600,000	-	-	-	-	1,003,600,000
<i>Total transactions with owners, recorded directly in equity</i>		1,003,600,000	-	-	-	-	1,003,600,000
Comprehensive income for the year							
Profit for the year		-	-	-	246,425,762	-	246,425,762
Other comprehensive income		-	-	-	(80,987)	-	(80,987)
Total comprehensive income for the year		-	-	-	246,344,775	-	246,344,775
Transfer to retained earnings							
Effect of business restructuring	3	-	-	(397,599,771)	-	397,599,771	-
Balance at 31 December 2017		1,685,079,688	342,170,431	(397,599,771)	58,650,000	307,559,235	2,548,558,336



## Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries

## Statement of changes in equity

Separate financial statements								
				Retained earnings		Other components of		
		Issued and	Share	Difference	Legal	Unappropriated	shareholders' equity	
Note		paid-up	premium	from business combination	reserve		Revaluation	
		share capital		under common control	(in Baht)		surplus	
							Total	
							equity	
For the year ended 31 December 2018								
Balance at 1 January 2018		1,685,079,688	342,170,431	(397,599,771)	58,650,000	307,559,235	552,698,753	2,548,558,336
Transactions with owners, recorded directly in equity								
Contributions by owners of the parent								
Reduction of ordinary shares	26	(1,003,600,000)	-	-	-	-	-	(1,003,600,000)
Dividends paid to owners at the Company	38	-	-	-	-	(27,256,360)	-	(27,256,360)
Total transactions with owners, recorded directly in equity		(1,003,600,000)	-	-	-	(27,256,360)	-	(1,030,856,360)
Comprehensive income for the year								
Profit for the year		-	-	-	-	38,644,266	-	38,644,266
Other comprehensive income		-	-	-	-	10,395,150	-	10,395,150
Total comprehensive income for the year		-	-	-	-	49,039,416	-	49,039,416
Transfer to legal reserve		-	-	-	12,322,000	(12,322,000)	-	-
Transfer to retained earnings		-	-	-	-	40,909,786	(40,909,786)	-
Effect of business restructuring	3	-	-	397,599,771	-	-	-	397,599,771
Balance at 31 December 2018		681,479,688	342,170,431	-	70,972,000	357,930,077	511,788,967	1,964,341,163



Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	(in Baht)			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	62,310,312	194,375,311	38,644,266	246,425,762
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	8,968,710	34,259,858	(11,975,441)	3,653,781
Finance costs	190,614,698	174,873,169	158,437,594	99,946,905
Depreciation and amortisation	236,773,126	211,021,210	101,604,404	16,557,133
Amortisation of rubber plantation development costs	8,824,312	14,750,764	-	-
Provision for (reversal of) bad and doubtful debts expenses	(3,000)	1,605,815	(3,000)	-
(Reversed of) losses on inventories devaluation	(4,473,236)	4,473,236	-	-
Unrealised (gain) loss on exchange	7,004,141	(953,340)	4,190,769	(107,503)
Loss on impairment of investments in subsidiaries	-	-	39,180,000	-
Loss on impairment of other long-term investment	18,800,000	-	18,800,000	-
Gain on capital return of subsidiary	-	-	(62,000,283)	-
(Gain) loss on fair value adjustment of investment properties	(3,120,000)	(8,890,000)	(140,000)	2,640,000
Loss on sale of property, plant and equipment	664,918	11,371,770	-	10,930
Loss on written-off of property, plant and equipment	9,941,913	552,704	-	-
Gain on disposal of non-current assets classified as held for sale	-	(6,184,641)	-	-
Provision for employee benefits	5,883,182	5,866,598	3,990,836	1,154,572
Share of (profit) loss of investments in associates, net of income tax	712,667	(441,572)	-	-
Written-off of withholding tax deducted at source	739,809	273,981	739,809	-
Dividends income	-	-	(20,623,947)	(231,970,981)
Interest income	(539,508)	(692,382)	(27,962,733)	(55,872,806)
	<u>543,102,044</u>	<u>636,262,481</u>	<u>242,882,274</u>	<u>82,437,793</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade and other accounts receivables	(42,055,215)	(25,493,534)	(34,036,790)	(142,588,605)
Inventories	59,847,123	(212,669,263)	109,003,956	(206,538,293)
Other current assets	18,165,586	1,741,225	7,581,156	(1,655,534)
Other non-current assets	581,718	1,506,212	(783,715)	3,915,084
Trade and other accounts payables	(84,070,409)	37,790,155	(3,050,498)	191,235,432
Accrued expenses	(27,114,803)	37,842,616	(16,394,819)	3,258,459
Other current liabilities	(1,508,947)	480,216	(1,798,099)	925,026
Non-current provision for employee benefits	(4,192,960)	(1,643,340)	(2,827,170)	(94,200)
Cash generated from (used in) operating activities	<u>462,754,137</u>	<u>475,816,768</u>	<u>300,576,295</u>	<u>(69,104,838)</u>
Tax received	28,468,485	13,365,221	28,225,931	-
Tax paid	<u>(35,501,070)</u>	<u>(62,169,974)</u>	<u>(26,869,949)</u>	<u>(16,257,688)</u>
<b>Net cash from (used in) operating activities</b>	<u><b>455,721,552</b></u>	<u><b>427,012,015</b></u>	<u><b>301,932,277</b></u>	<u><b>(85,362,526)</b></u>





## Thai Rubber Latex Corporation (Thailand) Public Company Limited and its Subsidiaries

## Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	(in Baht)			
<b><i>Cash flows from investing activities</i></b>				
Proceeds from capital return of subsidiary	-	-	-	890,293
Purchase of other long-term investment	-	(100,000,000)	-	(100,000,000)
Repayment of short-term loans to related parties	-	-	(63,500,000)	(74,600,000)
Proceeds from short-term loans to related parties	-	-	479,770,400	17,700,000
Decrease in short-term loans to other parties	-	15,582,591	-	13,885,590
Acquisition of non-controlling interest	(26,164,444)	-	(526,493,989)	-
Increase in restricted deposit at financial institution	(6,621,011)	(10,000,000)	(6,531,911)	-
Acquisition of business	(102,323,430)	-	-	-
Acquisition of property, plant and equipment	(307,742,559)	(187,665,604)	(28,223,700)	(5,465,105)
Acquisition of other intangible assets	(999,665)	(4,243,885)	(29,827)	-
Proceeds from sale of property, plant and equipment	3,078,598	92,906,444	-	5,607
Proceeds from sale of non-current assets classified as held for sale	-	40,018,533	-	6,826,000
Increase in rubber plantation development costs	(10,603,392)	(26,767,188)	-	-
Proceeds from entire business transfer	-	-	-	9,976,593
Interest received	539,508	698,809	60,528,849	27,882,554
Dividends received	535,600	-	20,623,947	14,371,005
<b>Net cash used in investing activities</b>	<b>(450,300,795)</b>	<b>(179,470,300)</b>	<b>(63,856,231)</b>	<b>(88,527,463)</b>
<b><i>Cash flows from financing activities</i></b>				
Increase (decrease) in bank overdrafts and short-term borrowings				
from financial institutions	220,344,425	(46,388,062)	66,706,874	162,356,650
Payment by a lessee for reduction of the outstanding liability				
relating to a finance lease	(76,465,240)	(70,669,278)	(74,830,137)	(9,276,156)
Proceeds from short-term borrowings from related parties	-	-	15,000,000	296,227,460
Repayment of short-term borrowings from related parties	(3,500,000)	-	-	(124,600,000)
Proceeds from long-term borrowings	175,037,175	230,000,000	-	-
Repayment of long-term borrowings	(108,750,000)	(72,500,000)	(58,750,000)	(12,000,000)
Dividends paid to owners of the Company	(27,256,360)	-	(27,256,360)	-
Proceeds from change in non-controlling interests				
without a change in control	253,490	-	-	-
Dividends paid of subsidiaries to non-controlling interest	(16,287,192)	(25,766,597)	-	-
Interest paid	(188,364,603)	(192,052,689)	(156,357,996)	(94,160,905)
Other finance costs paid	(8,225,204)	(6,399,715)	(3,060,840)	(1,796,377)
<b>Net cash from (used in) financing activities</b>	<b>(33,213,509)</b>	<b>(183,776,341)</b>	<b>(238,548,459)</b>	<b>216,750,672</b>
Net increase (decrease) in cash and cash equivalents,				
before effect of exchange rates	(27,792,752)	63,765,374	(472,413)	42,860,683
Effect of exchange rate changes on cash and cash equivalents	(4,779,318)	(789,495)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(32,572,070)</b>	<b>62,975,879</b>	<b>(472,413)</b>	<b>42,860,683</b>
Cash and cash equivalents at 1 January	190,166,606	127,190,727	43,551,259	690,576
<b>Cash and cash equivalents at 31 December</b>	<b>157,594,536</b>	<b>190,166,606</b>	<b>43,078,846</b>	<b>43,551,259</b>
<b><i>Supplemental disclosures of cash flow information</i></b>				
<b>Non-cash transactions</b>				
Assets acquired under financial lease and hire purchase agreement	6,176,519	84,771,968	5,559,069	2,687,248
Dividends received from subsidiary by offsetting with loans	-	-	-	217,599,976
Advance payment for land possessory rights	1,718,232	8,451,352	-	-
Issue of share capital as consideration transferred	-	1,003,600,000	-	1,003,600,000
Capital return from business restructuring	-	-	62,000,283	-

## 14. Management Discussion and Analysis (MD&A)

### 14.1 Overall Performance

The company had net profit for 2018 was 62.3 million Baht. Profits decreased by 132 million baht due to the decline in rubber prices. When comparing rubber price of field latex in 2017 and 2018, the price of rubber dropped significantly from 57.12 baht per kilogram in 2017 to 42.74 baht per kilogram in the year. 2018, equivalent to 25 percent (Source: <http://www.raot.co.th/>)

In 2017, the company has restructured by accepting the entire business transfer from Thai Rubber Latex Group Company Limited (subsidiary company) (THAITEK) in order to restructure the company. And the company has received tax benefits on the transfer of business from the entire business transfer. THAITEK has completed the payment on 4 December 2018. The restructuring can make the management more efficient because THAITEK Conducts latex processing business which is the same business as the parent company And make the financial statements clear in the category of business groups And can also reflect the true ability of the operation of the latex group as well.

### 14.2 Performance and Profitability

In term of the operation result of 2018 comparing to 2017, the company had sales and service income 7,513.34 million Baht, the decrease of 20.03% or 1,913.81 million Baht, due to the decrease of latex price helping the company gain more income. Cost of sales and service in 2018 was 6,645.12 million Baht and in 2017 was 8,401.28 million Baht, the decrease of 20.09% or 1,756.15 million Baht, which was the result of a decreases cost of raw material price. The Group has improved more effective production cost control and the improving of rubber thread production which caused greater output and higher quality of rubber thread produced. However, the price of chemical materials increased, causing the higher cost of production.

The business group split routing and administration groups are as follows:

Latex and pre-vulcanized Group in 2018 had profit before tax 30 million baht, which decreased from 2017 by 188 million baht due to a decreased price of rubber. In addition, the business group has additional capacity. And the concentrated latex tank since the end of 2016 has resulted in the business group having more tanks to collect latex to support the needs and productivity in the future.

Regarding the Rubber Product Group, profit before tax was 142 million Baht in 2018, which increased by 8 million Baht from 2017, which contributes to the increasing sales by 175 million Baht. Also, the Rubber Product Group could expand its customer base,

especially in China, and will continue expanding the targets because the company's products have good quality that meet demand of the market.

As for Rubber Plantation Group, loss before tax was 41 million Baht in 2018, which makes the loss decrease by 22 million baht comparing to 2016. This was because business was affected by various factors, such as fluctuation of the field latex price, and the price of rubber was at low level. Plus, the group has fixed costs which are not changed in accord with the rubber price. In addition, the group has to bear the impairment losses of certain properties, leading to the business loss. Nevertheless, the decrease in loss of this group positivity affects the overall operation of the Group.

### 14.3 Asset Management

#### (1) Components of assets

- The value of the current assets was 2,588 million Baht, which decreased by 70 million Baht or 3%, due to the decrease of inventories, 55 million Baht and the decrease of current assets by 18 million Baht. Because the price of rubber in the market decreases, causing the inventories and raw materials to have a lower price and the payment for the products in advance decreases from the value of field latex

- The value of the non-current assets was 5,510 million Baht, which increased by 160 million Baht because of an increase in Land, buildings and equipment 158 million Baht. From the fact that the Group has purchased a pillow and mattress factory business In Rayong Province to increase the production capacity of pillow and mattress business and the expansion of the pillow and mattress factory In Chachoengsao Province.

#### (2) Impairment of Assets

The company's existing assets are reported in their fair value, without intention to deliberately impair their value. If impairments take place, the company reserves and amount to compensate for such impairment, accurately reflecting the asset quality corresponding to its true market value based on accepted accounting principles.

#### (3) Account Receivable

The value of trade account receivable was 1,121 million Baht. After deduction of allowance for doubtful accounts, the net value of trade account receivable was 987 million Baht. In 2018, the value of account receivable increased by 28 million Baht by comparison with the previous year. This was because the Concentrated Latex and Rubber Product Group increased their sales.

- Allowance for doubtful accounts was completely made at the value of 133 million Baht, amounting to 12% of the trade account receivable. In 2018, there was not any additional allowance for doubtful accounts.

#### (4) Inventories

The net value of inventories after deduction of allowance for diminution in value of inventories was 1,251 million Baht, Inventories decreased by 55 million baht in comparison with the previous year. Because the price of rubber in the market decreased by 25%

### 14.4 Liquidity and capital sufficiency

#### (1) Sources and User of Capital

- There were changes in capital sources and user of capital. In 2018, the net cash received from operations was 456 million Baht which the cash flow was received from the inventories decreased by 84 million Baht. As a result of purchasing more raw materials most trade creditors do not have credit terms.

- Appropriateness of the capital structure: The company uses the capital structure mainly from liabilities. The ratio of debt to equity shareholders in 2018 was 2.32 times, up from 2.28 times in the year 2017 in the amount of overdrafts increased. Because the group must be used for the purchase of raw materials Increase in long-term loans Due to the long-term loan drawdown to expand the pillow and latex mattress factory.

- As for the changes in shareholders' equity in the separated financial statements in 2018, the shareholders' equity of the holding company increased by 1,560 million Baht. Caused by the major company buying shares from minority shareholders of subsidiaries causing the shareholding proportion to increase Therefore, the transfer of non-controlling interests to shareholders' equity is only transferred to the parent company.

#### (2) Investment Expenditures

In terms of investment in 2018, the company spent the net amount of 450 million Baht of cash. The amount of 308 million Baht was spent mainly on purchasing the land, buildings, equipment and intangible assets to invest in the expansion of rubber mattresses and pillows production capacity. And the purchase of the business of pillows and latex mattresses 102 million baht and the purchase of shares from minority shareholders of subsidiaries 26 million baht.

#### (3) Liquidity Management

As the sales of concentrated latex is the main income of the Group, and the use of working capital in concentrated latex business can be varied according to the rubber tapping period, the amount of working capital needed for this business was not fixed throughout the year. The end of the year was the period when working capital was the most essential while a little amount was needed during the second quarter. Although the rubber price decreased, the company still has sufficient credit limit for supporting its operations.

#### **14.5 Factors affecting future operations**

(1) Rubber Prices and Demand: Since the company and its affiliates conduct business covering all aspects of the rubber industry, and increase in rubber demand will drive up selling prices, leading to increase production, sales, and profitability.

(2) Governmental Influences on Rubber Prices: The government considers that low rubber price negatively affects the agriculturalists' quality of lives led to the issuing of many policies to drive up rubber prices. If the policies are unanticipated by the market, rubber prices and the company's profitability will be mutually affected.

(3) Weather conditions: As rubber raw materials are obtained from the plantation, weather conditions are the factor affecting rubber tapping. For example, droughts decrease latex production as well as heavy rains wash away latex from the trees, decreasing the total amount collected.

(4) Oil price: oil prices do not directly affect the volatility of rubber prices, but have some indirect influence because synthetic rubber, which is a substitute product of natural rubber, requires petrochemicals from oil for production; therefore, oil price will affect directly to the substitute products.