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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2018.

1. **General information**

Thai Rubber Latex Corporation (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office as follows:

|  |  |  |
| --- | --- | --- |
| Head office | : | No. 99/1-3 Moo 13, Bangna-Trad Road, K.M. 7, Tambol Bangkaew, Amphur Bangplee, Samutprakarn, Thailand. |
| Branches at followings: | | |
|  | : | No. 29 Moo 2, Tambol Nong Yai, Amphur Nong Yai, Chonburi |
|  | : | No. 35 Moo 4, Tambol Krasom, Amphur Takuatung, Phangnga |
|  | : | No. 198 Moo 7, Tambol Chomsawan, Amphur Maechan, Chiangrai |
|  | : | No. 124 Moo 11, Tambol Banphru, Amphur Hatyai, Songkhla |
|  | : | No. 293/2 Moo 1, Tambol Khunthale, Amphur Mueang, Suratthani |
|  | : | No. 44/5 Moo 8, Kachet - Hatyai Road, Tambol Kachet, Amphur Mueang, Rayong |
|  | : | No. 680 Moo 2, Tambol Nong Yai, Amphur Nong Yai, Chonburi |
|  | : | No. 19/52 Moo 7, Tambol Bang Chalong, Amphur Bangplee, Samutprakan |

The Company was listed on the Stock Exchange of Thailand in July 1991.

The Company’s major shareholders during the financial year were Wongsasuthikul Group (21.47% shareholding) and Woraprateep Group (16.17% shareholding). However, during 2017, the Company issued and offered ordinary shares amounting 1,003.6 million shares to Thai Rubber Latex Group Co., Ltd., a subsidiary, as a part of the business restructuring plan under the regulation of entire business transfer.  The Company expects that the reduction of registered capital will be held within 1 year which will be finished before the period of restriction of sale of ordinary shares (Silent Period) is expired.  Consequently, those newly issued ordinary shares will not be distributed through the Stock Exchange of Thailand and will not exercise the right of voting in the shareholder’s meeting or receive any dividends of the Company.

The principal activities of the Group/Company are comprehensive rubber businesses covering the whole value chain of rubber and latex products, which are the rubber plantation in Thailand, the producer of latex concentrate and latex rubber, latex rubber thread, rubber block and rubber compound and latex foam mattress. Details of the Company’s subsidiaries and associates as at 31 December 2017 and 2016 are given in notes 11 and 12.

1. **Basis of preparation of the financial statements**
2. ***Statement of compliance***

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application adoption of these new and revised TFRS has resulted in changes in certain of the Group’s/Company’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Group/Company has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

1. ***Basis of measurement***

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

|  |  |
| --- | --- |
| ***Items*** | ***Measurement bases*** |
| Property, plant and equipment (Land, building and machinery) | Revaluation to fair value |
| Investment properties | Fair value |
| Defined benefit liability | Present value of the defined benefit obligation, limited as explained in Note 4 (r) |

1. ***Functional and presentation currency***

The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand/million unless otherwise stated*.*

1. ***Use of judgements and estimates***

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*Assumption and estimation uncertainties*

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 12 and 20 Impairment test: key assumption underlying recoverable amounts;

Note 21 Recognition of deferred tax assets: availability of future taxable profit against

which tax losses carried forward can be used; and

Note 25 Measurement of defined benefit obligations: key actuarial assumptions

*Measurement of fair values*

A number of the Group’s/Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group/Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group/Company’s Audit Committee.

When measuring the fair value of an asset or a liability, the Group/Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

* Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
* Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
* Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group/Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

* Note 14 - Investment properties
* Note 39 - Financial instruments

*Use of going concern basis of accounting*

Due to the significant fluctuate of latex price recently, as at 31 December 2017, the Group’s current liabilities exceeded current assets by Baht 1,385.8 million *(31 December* *2016: Baht 1,567.4 million)*. Such circumstances indicate the existence of an uncertainty which may cast significant doubt about the Group’s ability to continue as a going. However, the Group incurred a consolidated net profit for the year ended 31 December 2017 amounting to Baht 194.4 million, and at the same date, the Group has available credit facilities in place. *(see note 5)*

The Group has implemented policies and procedures in an attempt to manage its liquidity risk and other circumstances. The Group and the Company plan to address the liquidity problem by increasing sales volume, production capacity, restructure of financing plan and the Group’s business restructuring, including sales of the non-performing assets.

The consolidated and separate financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will realise its assets and discharge its liabilities in the normal course of business. Therefore, the financial statements have not included any adjustment of the value of assets to realisable value, or of liabilities to the amounts eventually due, and reclassification of accounts, which may be necessary.

1. **Business restructuring**

At the extraordinary shareholders’ meeting of the Company held on 13 December 2017, the shareholders approved the entire business transfer from Thai Rubber Latex Group Co., Ltd. (“TRLG”), the subsidiary whose 99.99 % of the shares held by the Company, to the Company. In this regard, the Company would acquire all assets, rights and liabilities of TRLG.

The Company increased its registered capital and issued newly ordinary shares of 1,003.6 million shares with a par value of Baht 1.00 per share under the private placement to TRLG at the offering price of Baht 1.00 per share, totaling Baht 1,003.6 million in consideration of entire business transfer from TRLG to the Company. TRLG registered for the dissolution with Department of Business Development, Ministry of Commerce on 29 December 2017 and still under liquidation process. These shares are considered an offering of the ordinary shares to a specific person (Private Placement) with a distinct offering price and a discount more than 10 percent of the market price. The Company expects that the reduction of registered capital will be held within 1 year which will be finished before the period of restriction of sale of ordinary shares (Silent Period) is expired.  Consequently, those newly issued ordinary shares will not be distributed through the Stock Exchange of Thailand and will not exercise the right of voting in the shareholder’s meeting or receive any dividends of the Company.

The business transfer on 29 December 2017 was considered as the business combination under common control of the ultimate controlling shareholders before and after the acquisition date and the control was not transitory. In the preparation of the consolidated financial statements, the Group has already included the financial statements of TRLG before 1 January 2016. Such presentation reflects the economic substances of the entities in the Group which is under the same common control throughout the relevant period as if the entities in the Group were operated as one economic unit from 1 January 2016. The consideration amounting to Baht 1,003.6 million is recognised as “Difference from business combination under common control” in equity in the consolidated financial statements for the year ended 31 December 2017.

In the separate financial statements for the year ended 31 December 2017, the difference between the consideration transferred and the carrying amount of net assets of TRLG on the acquisition date amounting to Baht 397.6 million is recognised as “Difference from business combination under common control” in equity. The following summarises the consideration transferred, and the carrying amounts of the major classes of assets and liabilities at the acquisition date:

|  |  |  |
| --- | --- | --- |
|  |  | **Separate** |
|  |  | **financial statements** |
| *Consideration transferred* |  | *(in thousand Baht)* |
| Share capital |  | 1,003,600 |
| **Total** |  | **1,003,600** |
|  |  |  |
| *Assets acquired and liabilities assumed* |  |  |
| Cash and cash equivalents |  | 9,976 |
| Trade accounts receivable |  | 975,259 |
| Short-term loans to related party |  | 1,271,327 |
| Inventories |  | 580,103 |
| Other current assets |  | 98,328 |
| Investments in subsidiary |  | 19,470 |
| Property, plant and equipment |  | 885,765 |
| Other non-current assets |  | 74,956 |
| Bank overdrafts and short-term borrowings from financial institutions |  | (1,881,761) |
| Trade accounts payable |  | (28,291) |
| Current portion of long-term borrowings from financial institutions |  | (45,250) |
| Current portion of finance lease liabilities |  | (63,152) |
| Other current liabilities |  | (50,544) |
| Long-term borrowings from financial institutions |  | (657,250) |
| Finance lease liabilities |  | (81,372) |
| Non-current provisions for employee benefits |  | (40,323) |
| Deferred tax liabilities |  | (63,641) |
| **Net assets** |  | **1,003,600** |
| Assets revaluation surplus |  | (397,600) |
| **Net** |  | **606,000** |
| Difference from business combination under common control |  | 397,600 |
| **Consideration transferred** |  | **1,003,600** |

1. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1. ***Basis of consolidation***

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

*Acquisition from entities under common control*

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.  The acquirer recognised the assets acquired and liabilities assumed using book values in the consolidated financial statements of the ultimate parent at the date on which the business combination under common control occurs.  Any difference between considerations transferred versus book values of the entity is recognised as “Difference from business combination under common control” presented under equity. Difference from business under common control will be retained until the respective business are sold or otherwise disposed of.

Subsequent to the business combination under common control, the financial statements of the entities or businesses acquired from business combination under common control are included in the consolidated financial statements from the beginning of the earliest comparative period presented or, if later, at the date that common control was established until the date on which control ceases.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Interests in equity-accounted investees*

The Group’s interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1. ***Foreign currencies***

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Non-current assets and liability measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the date that fair value was determined.

Foreign exchange differences are generally recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity in the consolidated financial statements until disposal of the investment.

1. ***Derivative financial instruments***

*Forward exchange contracts*

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of forward contract rate.

*Agricultural futures contracts*

Profit or loss on trading of agricultural futures contracts are recognised as income or expenses on the transaction dates.

1. ***Cash and cash equivalents***

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

1. ***Trade and other accounts receivable***

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

1. ***Inventories***

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance is made for all deteriorated, changed, obsolete and slow-moving inventories.

1. ***Non-current assets classified as held for sale***

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, plant and equipment are no longer amortised or depreciated.

1. ***Investments***

Investments in associates and subsidiaries

Investments in associates and subsidiaries in the separate financial statements of the Company are accounted for using the cost method less any impairment losses. Investments in associates in the consolidated financial statements are accounted for using the equity method.

*Other long-term investments*

Other long-term investments which are not marketable are stated at cost less any impairment losses.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

1. ***Investment properties***

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, the amounts included in the revaluation reserve (see Note 4(j)) are transferred to retained earnings.

1. ***Property, plant and equipment***

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land, buildings and machinery which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property’s existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment*.*

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

*Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset’s original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation surplus in equity. Any loss is recognised in other comprehensive income and presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

|  |  |  |
| --- | --- | --- |
| Building and building improvements | 5 - 50 | years |
| Machinery | 5 - 20 | years |
| Office and other equipment | 3 - 5 | years |
| Vehicles | 5 | years |
| Other fixed assets | 5 - 10 | years |

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

1. ***Intangible assets***

*Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

|  |  |  |
| --- | --- | --- |
| Software license | 5 | years |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

1. ***Impairment***

The carrying amounts of the Group’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the assets’ value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. ***Rubber plantation development costs***

Rubber plantation development costs represent the costs of rubber tree plantation, which are amortised over the estimated unit of production arising from the rubber trees. Cost of supplying rubber vacancies and infilling mature areas are expensed in profit or loss as incurred. No amortisation is provided on rubber plantation development costs that are not ready for harvest.

1. ***Land possessory rights***

Land possessory rights are stated at cost less allowance for loss on impairment of assets (if any).

1. ***Deferred costs***

Deferred expenses represent deferred receptacle costs, which are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over a period of 1 - 3 years. The amortisation is recognised in profit or loss.

1. ***Interest-bearing liabilities***

Interest-bearing liabilities are recognised initially at contract value less attributable transaction charges.

1. ***Trade and other accounts payable***

Trade and other accounts payable are stated at cost.

1. ***Employee benefits***

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1. ***Provisions***

A provision is recognised if, as a result of a past event, the Group/Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

1. ***Revenue***

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.  No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Investmemt income*

Revenue from investments comprises rental income from investment properties and interest income from investments and bank deposits.

*Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

*Dividend income*

Dividend income is recognised in profit or loss on the date the Group’s/Company’s right to receive payments is established.

*Interest income*

Interest income is recognised in profit or loss as it accrues.

1. ***Finance costs***

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

1. ***Lease payments***

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group’s incremental borrowing rate.

1. ***Income tax***

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1. ***Earnings (loss) per share***

The Group/Company presents basic earnings (loss) per share data for its ordinary shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

1. ***Segment reporting***

Segment results that are reported to the Group’s CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

1. **Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group/Company if the Group/Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group/Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associates are described in notes 11 and 12. Relationship with key management and other related parties were as follows:

|  |  |  |
| --- | --- | --- |
| **Name of entities** | **Country of incorporation/ nationality** | **Nature of relationships** |
| V-Miracle Group Co., Ltd. | Thailand | Common directors |
| Phoenix Rubber Products Co., Ltd. | Thailand | Directors of related parties |
| Chotchuang Intertrade Co., Ltd. | Thailand | Directors of related parties |
| Other related parties | Thailand | Directors of related parties |
| Key management personnel | Thailand | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group/Company. |

The pricing policies for particular types of transactions are explained further below:

|  |  |
| --- | --- |
| **Transactions** | **Pricing policies** |
| Sales of goods/raw materials | Market prices |
| Rendering of service | Contractually agreed |
| Purchase of goods/raw materials | Contractually agreed/Market prices less operating expenses at the agreed rate 1.0 - 5.0 baht per kilogram *(2016: 1.0 - 5.0 Baht per kilogram)* |
| Receiving of services | Contractually agreed |
| Other income | Contractually agreed |
| Sales of assets | Market prices |
| Interest income | Contractually agreed rate |
| Interest expense | Contractually agreed rate |
| Dividend income | Declared rate |

Significant transactions for the years ended 31 December with related parties were as follows:

|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Year ended 31 December*** | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | - |  | - |  | 867,940 |  | 762,687 |
| Purchases of goods/raw materials | - |  | - |  | 1,973,557 |  | 1,474,550 |
| Rental and service income | - |  | - |  | 2,242 |  | 2,242 |
| Interest income | - |  | - |  | 55,468 |  | 53,404 |
| Interest expense | - |  | - |  | 49,935 |  | 50,785 |
| Dividend income | - |  | - |  | 231,971 |  | 7,186 |
| Other income | - |  | - |  | 8,094 |  | 4,226 |
|  |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Purchases of raw materials | 12,067 |  | 10,777 |  | 223 |  | - |
| Dividend income | - |  | 535 |  | - |  | - |
| Interest expense | 294 |  | 321 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation | 39,449 |  | 30,233 |  | 15,936 |  | 14,433 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Sales of goods | 48,391 |  | 16,654 |  | 48,391 |  | 16,654 |
| Purchases of goods/raw materials | 14,410 |  | 8,334 |  | 397 |  | - |
| Other income | 992 |  | 1,398 |  | - |  | 100 |
| Rental income | 2,220 |  | 2,220 |  | 2,220 |  | 2,220 |
| Sales of assets | - |  | 21,500 |  | - |  | - |
| Interest expense | - |  | 158 |  | - |  | 158 |
| Rental expense | 106 |  | 106 |  | - |  | - |

Balances as at 31 December with related parties were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts receivable - related parties*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 203,082 |  | 136,806 |
| Other related parties | 31,134 |  | 9,241 |  | 31,134 |  | 9,241 |
| **Total** | **31,134** |  | **9,241** |  | **234,216** |  | **146,047** |
|  |  |  |  |  |  |  |  |
| ***Other current receivables - related parties*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 61,487 |  | 23,204 |
| Associate | 1 |  | 1 |  | 1 |  | 1 |
| Other related parties | 4,918 |  | 2,996 |  | 4,912 |  | 2,776 |
| **Total** | **4,919** |  | **2,997** |  | **66,400** |  | **25,981** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Loans to related parties*** | **Interest rate** | | | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2017 |  | 2016 | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(% per annum)* | | | *(in thousand Baht)* | | | | | | |
| ***Short-term loans*** |  |  |  |  |  |  |  |  |  |  |
| **Subsidiaries** |  |  |  |  |  |  |  |  |  |  |
| Thai Rubber Land and  Plantation Co., Ltd. | 3.9 |  | 3.9 | - |  | - |  | 1,422,203 |  | 1,390,303 |
| World Flex Public Company  Limited | 3.9 |  | - | - |  | - |  | 25,000 |  | - |
| **Short-term loans to related parties** | | | | **-** |  | **-** |  | **1,447,203** |  | **1,390,303** |

Movements during the years ended 31 December of loans to related parties were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| ***Short-term loan to related parties*** | **Separate financial statements** | | |
|  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | |
| **Subsidiaries** |  |  |  |
| At 1 January | 1,390,303 |  | 1,298,550 |
| Increase | 74,600 |  | 295,150 |
| Decrease | (17,700) |  | (203,397) |
| **At 31 December** | **1,447,203** |  | **1,390,303** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 | |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts payable - related parties*** |  | | | | | | |
| Subsidiaries | - |  | - |  | 355 |  | 500,474 |
| Associate | 489 |  | 1,002 |  | 489 |  | - |
| Other related parties | 779 |  | 570 |  | 779 |  | - |
| **Total** | **1,268** |  | **1,572** |  | **1,623** |  | **500,474** |
|  |  |  |  |  |  |  |  |
| ***Other current payables - related parties*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 1,109 |  | 7,148 |
| **Total** | **-** |  | **-** |  | **1,109** |  | **7,148** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Short-term loans from***  ***related parties*** | **Interest rate** | | | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2017 |  | 2016 | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(% per annum)* | | | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |  |  |  |
| Thai Rubber Latex |  |  |  |  |  |  |  |  |  |  |
| Group Co., Ltd. | - |  | 3.8 | - |  | - |  | - |  | 1,323,900 |
| Thai Rubber HPNR |  |  |  |  |  |  |  |  |  |  |
| Co., Ltd. | 3.9 |  | 3.9 | - |  | - |  | 32,000 |  | 25,400 |
| **Associate** |  |  |  |  |  |  |  |  |  |  |
| Wang Somboon Rubber Estate Co., Ltd. | 4.0 |  | 4.0 | 8,000 |  | 8,000 |  | - |  | - |
| **Short-term loans from related parties** | | | | **8,000** |  | **8,000** |  | **32,000** |  | **1,349,300** |

Movements during the years ended 31 December of loans from related parties were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Short-term loan from related parties*** | **Consolidated**  **financial statements** | | |  | **Separate financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| At 1 January | - |  | - |  | 1,349,300 |  | 1,396,250 |
| Increase | - |  | - |  | 296,227 |  | 378,500 |
| Decrease | - |  | - |  | (342,200) |  | (425,450) |
| Acquisition from entire business transfer  *(see note 3)* | - |  | - |  | (1,271,327) |  | - |
| **At 31 December** | **-** |  | **-** |  | **32,000** |  | **1,349,300** |
|  |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| At 1 January | 8,000 |  | 8,000 |  | - |  | - |
| **At 31 December** | **8,000** |  | **8,000** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |
| **Other related party** |  |  |  |  |  |  |  |
| At 1 January | - |  | 20,000 |  | - |  | 20,000 |
| Decrease | - |  | (20,000) |  | - |  | (20,000) |
| **At 31 December** | **-** |  | **-** |  | **-** |  | **-** |

As at 31 December 2017, the Group has unutilised credit facilities at the total of Baht 1,709 million and USD 115 million (*2016: Baht 1,796 million and USD 121 million*) and at the total of Baht 4,651 million and USD 14 million of credit facilities used (*2016: Baht 4,400 million and USD 19 million*), and the Company has issued letter of guarantee to banks to secure credit facilities granted by the banks to its subsidiaries totaling Baht 1,409 million and USD 25 million (*2016: 4,215 million and USD 52 million*).

1. **Cash and cash equivalents**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| Cash on hand | 2,780 |  | 30,408 |  | 677 |  | 130 |
| Cash at bank - current accounts | 153,809 |  | 66,057 |  | 33,115 |  | 470 |
| Cash at bank - saving accounts | 33,578 |  | 30,726 |  | 9,759 |  | 91 |
| **Total** | **190,167** |  | **127,191** |  | **43,551** |  | **691** |

1. **Other long-term investments**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| Listed security available for sale | 1,249 |  | 1,249 |  | 1,249 |  | 1,249 |
|  |  |  |  |  |  |  |  |
| *Investment in equity securities:* |  |  |  |  |  |  |  |
| Doctor Blue Co., Ltd. | 5,100 |  | 5,100 |  | 5,100 |  | 5,100 |
| Universal Steel Drum Co., Ltd. | 3,000 |  | 3,000 |  | 3,000 |  | 3,000 |
| Siam Steel Container Co., Ltd. | 2,000 |  | 2,000 |  | 2,000 |  | 1,000 |
| Thai Rubber Joint Venture Co., Ltd. | 100,000 |  | - |  | 100,000 |  | - |
| **Total** | **111,349** |  | **11,349** |  | **111,349** |  | **10,349** |
| *Less* allowance for impairment | (11,349) |  | (11,349) |  | (11,349) |  | (10,349) |
| **Net** | **100,000** |  | **-** |  | **100,000** |  | **-** |

During 2017, the Company entered into the memorandum of understanding with Rubber Authority of Thailand and other rubber business companies to set up a company, Thai Rubber Joint Venture Co., Ltd., for the resolution to stabilise price with the objective to engage in the domestic and international trade of rubber. The said company was registered and established in July 2017 with authorised share capital of Baht 1,200 million whereby the Company invested of Baht 200 million (representing of 16.67% shareholding). As at 31 December 2017, the Company had partially paid-up capital amounting to Baht 100 million.

1. **Trade accounts receivable**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| Related parties | *5* | 31,134 |  | 9,241 |  | 234,216 |  | 146,047 |
| Other parties |  | 1,073,686 |  | 1,069,165 |  | 724,785 |  | 346,255 |
| **Total** |  | **1,104,820** |  | **1,078,406** |  | **959,001** |  | **492,302** |
| *Less* allowance for doubtful accounts |  | (133,534) |  | (135,741) |  | (133,534) |  | (110,518) |
| **Net** |  | **971,286** |  | **942,665** |  | **825,467** |  | **381,784** |
|  |  |  |  |  |  |  |  |  |
| Reversal of provision for bad and |  |  |  |  |  |  |  |  |
| doubtful debts expense for |  |  |  |  |  |  |  |  |
| the year, net |  | (5) |  | (3) |  | - |  | - |

Aging analyses for trade accounts receivable are as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | | |
|  | **financial statements** | | |  | **financial statements** | | | |
|  | 2017 |  | 2016 |  | 2017 |  | | 2016 |
|  | *(in thousand Baht)* | | | | | | | |
| **Related parties** |  |  |  |  |  |  | |  |
| Within credit term | 11,924 |  | 5,624 |  | 190,624 |  | | 93,309 |
| Overdue: |  |  |  |  |  |  | |  |
| Less than 3 months | 15,616 |  | 3,617 |  | 39,998 |  | | 52,738 |
| 3 - 6 months | 3,594 |  | - |  | 3,594 |  | | - |
| 6 - 12 months | - |  | - |  | - |  | | - |
| Over 12 months | - |  | - |  | - |  | | - |
|  | **31,134** |  | **9,241** |  | **234,216** |  | | **146,047** |
|  |  | | | | | | | |
| **Other parties** |  |  |  |  |  |  | |  |
| Within credit term | 722,934 |  | 793,882 |  | 466,348 |  | | 191,200 |
| Overdue: |  |  |  |  |  |  | |  |
| Less than 3 months | 216,836 |  | 136,154 |  | 124,639 |  | | 41,143 |
| 3 - 6 months | 264 |  | - |  | 264 |  | | - |
| 6 - 12 months | - |  | - |  | - |  | | - |
| Over 12 months | 133,652 |  | 139,129 |  | 133,534 |  | | 113,912 |
|  | **1,073,686** |  | **1,069,165** |  | **724,785** |  | | **346,255** |
| *Less* allowance for doubtful accounts | (133,534) |  | (135,741) |  | (133,534) |  | | (110,518) |
|  | **940,152** |  | **933,424** |  | **591,251** |  | | **235,737** |
| **Net** | **971,286** |  | **942,665** |  | **825,467** |  | **381,784** | |

The normal credit term granted by the Group/Company ranges from 1 day to 180 days.

1. **Other current receivables**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| Related parties | *5* | 4,919 |  | 2,997 |  | 66,400 |  | 25,981 |
| Other parties |  | 146,591 |  | 144,385 |  | 32,451 |  | 9,845 |
| **Total** |  | **151,510** |  | **147,382** |  | **98,851** |  | **35,826** |
| *Less* allowance for doubtful account |  | (43,761) |  | (43,761) |  | - |  | - |
| **Net** |  | **107,749** |  | **103,621** |  | **98,851** |  | **35,826** |
|  |  |  |  |  |  |  |  |  |
| Provision for bad and doubtful  debts expense for the year, net |  | - |  | 2,602 |  | - |  | - |

1. **Inventories**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| Finished goods | 1,132,521 |  | 946,150 |  | 874,511 |  | 111,426 |
| Work in process | 10,143 |  | 4,287 |  | - |  | - |
| Raw materials | 132,701 |  | 117,833 |  | 24,398 |  | 8,414 |
| Packing materials | 8,039 |  | 5,065 |  | 1,091 |  | 227 |
| Supplies | 27,405 |  | 24,805 |  | 7,406 |  | 697 |
| **Total** | **1,310,809** |  | **1,098,140** |  | **907,406** |  | **120,764** |
| *Less* inventories allowance for decline in value | (4,473) |  | - |  | - |  | - |
| **Net** | **1,306,336** |  | **1,098,140** |  | **907,406** |  | **120,764** |
| Inventories recognised as an expense |  |  |  |  |  |  |  |
| in ‘cost of sales of goods and |  |  |  |  |  |  |  |
| rendering of services’: |  |  |  |  |  |  |  |
| - Cost | 8,396,803 |  | 7,115,822 |  | 2,701,864 |  | 2,033,646 |
| - Write-down to net realisable value | 4,473 |  | - |  | - |  | - |
| **Net** | **8,401,276** |  | **7,115,822** |  | **2,701,864** |  | **2,033,646** |

1. **Investments in associates**

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| At 1 January | 31,809 |  | 32,768 |  | - |  | - |
| Share of profit (loss) of investments in associates | 441 |  | (651) |  | - |  | - |
| Share of comprehensive income of investments in associates | 54 |  | 227 |  | - |  | - |
| Dividend income | - |  | (535) |  | - |  | - |
| **At 31 December** | **32,304** |  | **31,809** |  | **-** |  | **-** |

During the year ended 31 December 2017 and 2016 there were no acquisition and disposal of investments in associate.

Investments in associates as at 31 December 2017 and 2016 and dividend income for the years then ended were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Consolidate financial statements** | | | | | | | | | | | | | | | | | | |
|  | Nature of business | Country of incorporation | Effective  ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Carrying amount based on equity method | | |  | Dividend income | | |
|  |  |  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 | |
|  |  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | |
| **Associates** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |
| Wang Somboon Rubber Estate Co., Ltd. | Planting of rubber | Thailand | 48.4 |  | 48.4 |  | 55,300 |  | 55,300 |  | 30,101 |  | 30,101 |  | 32,304 |  | 31,809 |  | - |  | 535 | |
| Rosener-Mautby Meditrade (Thailand) Ltd.(\*) | Production of latex examination gloves | Thailand | 31.5 |  | 31.5 |  | 120,000 |  | 120,000 |  | 37,849 |  | 37,849 |  | - |  | - |  | - |  | - | |
| **Total** |  |  |  |  |  |  |  |  |  |  | **67,950** |  | **67,950** |  | **32,304** |  | **31,809** |  | **-** |  | **535** | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | |
|  | Effective | | |  |  | | |  |  | | |  |  | | |  |  | | |  |  | | |
|  | ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | Dividend income | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| **Associate** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Rosener-Mautby Meditrade (Thailand) Ltd.(\*) | 31.5 |  | 31.5 |  | 120,000 |  | 120,000 |  | 37,849 |  | 37,849 |  | (37,849) |  | (37,849) |  | - |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  | **37,849** |  | **37,849** |  | **(37,849)** |  | **(37,849)** |  | **-** |  | **-** |  | **-** |  | **-** |

(\*) The Central Bankruptcy Court has ordered the verdict to be bankrupt since 27 September 2010. The Company recognised share of losses from investment in Rosener-Mautby Meditrade (Thailand) Ltd. until the value of the investment reached zero. Subsequent losses incurred by this associate have not been recognised in the Company’s accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate.

|  |  |  |  |
| --- | --- | --- | --- |
| The following table summarised the financial information of the associate as included in its own financial statements and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group’s interest in this company. | | | |
|  | **Wang Somboon Rubber**  **Estate Co., Ltd.** | | |
|  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | |
| Revenue | 15,832 |  | 12,380 |
| Profit (loss) from continuing operations | 912 |  | (1,344) |
| Other comprehensive income | 111 |  | 468 |
| **Total comprehensive income** | **1,023** |  | **(876)** |
| Attributable to NCI | 528 |  | (452) |
| Attributable to investee’s shareholders | 495 |  | (424) |
|  |  |  |  |
| Current assets | 20,187 |  | 17,434 |
| Non-current assets | 49,064 |  | 51,084 |
| Current liabilities | (440) |  | (649) |
| Non-current liabilities | (1,908) |  | (1,878) |
| **Net assets** | **66,903** |  | **65,991** |
| Attributable to NCI | 34,599 |  | 34,182 |
| Attributable to investee’s shareholders | 32,304 |  | 31,809 |
|  |  |  |  |
| Group’s interest in net assets of investee  at 1 January | 31,809 |  | 32,768 |
| Group’s share of total comprehensive income | 495 |  | (424) |
| Dividend income | - |  | (535) |
| **Carrying amount of interest in investee**  **At 31 December** | **32,304** |  | **31,809** |

None of the Group/Company are publicly listed and consequently do not have published price quotation.

1. **Investments in subsidiaries**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Separate**  **financial statements** | | | |
|  |  | *Note* | 2017 | | 2016 | |
|  |  |  | *(in thousand Baht)* | | | |
| At 1 January |  |  | 1,893,670 |  | | 1,893,670 |
| Increase capital |  |  | 17,709 |  | | - |
| Acquisition from entire business transfer |  | *3* | 19,470 |  | | - |
| Disposal |  |  | (889) |  | | - |
| **At 31 December** |  |  | **1,929,960** |  | | **1,893,670** |

During 2017, Myanmar Thai Rubber Joint Corporation Limited, a subsidiary, registered to increase its share capital amounting to Baht 27.7 million accordingly the Company increased its investment amounted of Baht 17.7 million by remaining the existing ownership interest.

Investments in subsidiaries as at 31 December 2017 and 2016 and dividend income for the years then ended were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ***Subsidiaries*** | Nature of business | | Ownership interest | | | | | | Paid-up capital | | | | | |  | | Cost | | | | | |  | | Impairment | | | | | |  | | At cost-net | | | | | |  | | Dividend income | | | | | |
|  |  | | 2017 | |  | | 2016 | | 2017 | |  | | 2016 | |  | | 2017 | |  | | 2016 | |  | | 2017 | |  | | 2016 | |  | | 2017 | |  | | 2016 | |  | | 2017 | |  | | 2016 | |
|  |  | | *(%)* | | | | | | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Direct subsidiaries** |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Thai Rubber Latex Group Co., Ltd. (entire business transfer to the parent on 29 December 2017) | Production and  distribution of  products from  natural rubber | | 100.0 | |  | | 100.0 | | 544,000 | |  | | 544,000 | |  | | 544,000 | |  | | 544,000 | |  | | - | |  | | - | |  | | 544,000 | |  | | 544,000 | |  | | 217,600 | |  | | - | |
| World Flex Public Company Limited | Production and  distribution of  rubber thread | | 98.4 | |  | | 98.4 | | 308,000 | |  | | 308,000 | |  | | 443,600 | |  | | 443,600 | |  | | - | |  | | - | |  | | 443,600 | |  | | 443,600 | |  | | - | |  | | - | |
| Thai Rubber Land and Plantation Co., Ltd. | Planting of rubber | | 100.0 | |  | | 100.0 | | 300,000 | |  | | 300,000 | |  | | 300,000 | |  | | 300,000 | |  | | - | |  | | - | |  | | 300,000 | |  | | 300,000 | |  | | - | |  | | - | |
| Agrowealth Co., Ltd. | Agricultural  forward trading | | - | |  | | 100.0 | | - | |  | | 39,750 | |  | | - | |  | | 25,850 | |  | | - | |  | | (24,961) | |  | | - | |  | | 889 | |  | | - | |  | | - | |
| Thai Rubber HPNR Co., Ltd. | Distribution of  STR and  compound  rubber | | 100.0 | |  | | 100.0 | | 500,000 | |  | | 500,000 | |  | | 500,000 | |  | | 500,000 | |  | | - | |  | | - | |  | | 500,000 | |  | | 500,000 | |  | | - | |  | | - | |
| Latex Systems Co., Ltd. | Production and  distribution of  foam latex  mattresses and  pillows | | 56.2 | |  | | 56.2 | | 78,809 | |  | | 78,809 | |  | | 53,981 | |  | | 53,981 | |  | | - | |  | | - | |  | | 53,981 | |  | | 53,981 | |  | | 14,371 | |  | | 7,186 | |
| Myanmar Thai Rubber Joint Corporation Limited | Production and  distribution of  products from  natural rubber | | 64.0 | |  | | 64.0 | | 107,672 | |  | | 80,000 | |  | | 68,909 | |  | | 51,200 | |  | | - | |  | | - | |  | | 68,909 | |  | | 51,200 | |  | | - | |  | | - | |
|  |  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ***Subsidiaries*** | Nature of business | Ownership interest | | | | | | Paid-up capital | | | | | |  | | Cost | | | | | |  | | Impairment | | | | | |  | | At cost-net | | | | | |  | | Dividend income | | | | | |
|  |  | 2017 | |  | | 2016 | | 2017 | |  | | 2016 | |  | | 2017 | |  | | 2016 | |  | | 2017 | |  | | 2016 | |  | | 2017 | |  | | 2016 | |  | | 2017 | |  | | 2016 | |
|  |  | *(%)* | | | | | | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Shanghai Runmao International  Trading Co., Ltd. *(See note 3)* | Trading of  products from  natural rubber | 55.0 | |  | | - | | 35,399 | |  | | - | |  | | 19,470 | |  | | - | |  | | - | |  | | - | |  | | 19,470 | |  | | - | |  | | - | |  | | - | |
|  |  |  | |  | |  | |  | |  | |  | |  | | **1,929,960** | |  | | **1,918,631** | |  | | **-** | |  | | **(24,961)** | |  | | **1,929,960** | |  | | **1,893,670** | |  | | **231,971** | |  | | **7,186** | |
| **Indirect subsidiary** |  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Shanghai Runmao International Trading Co., Ltd. (held by Thai Rubber Latex Group Co., Ltd.) | Trading of  products from  natural rubber | - | |  | | 55.0 | | - | |  | | 35,399 | |  | | - | |  | | 19,470 | |  | | - | |  | | - | |  | | - | |  | | 19,470 | |  | | 17,784 | |  | | - | |
| **Total** |  |  | |  | |  | |  | |  | |  | |  | | **-** | |  | | **19,470** | |  | | **-** | |  | | **-** | |  | | **-** | |  | | **19,470** | |  | | **17,784** | |  | | **-** | |

All subsidiaries were incorporated in Thailand, except Myanmar Thai Rubber Joint Corporation Limited and Shanghai Runmao International Trading Co., Ltd., which were incorporated in the Republic of the Union of Myanmar and People’s Republic of China, respectively.

Agrowealth Co., Ltd., a subsidiary, was approved to cease the agricultural forward trading business and was registered to dissolve its company on 28 December 2015 and completed the liquidation process on 21 September 2017.

Thai Rubber Latex Group Co., Ltd., a subsidiary, was registered to dissolve its company on 29 December 2017 in accordance with restructuring plan of the Group. The subsidiary is on process of liquidation. *(see note 3)*

*Allowance for impairment*

One of the Group’s business in rubber plantation segment faced a number of challenges in the markets including the volatility of rubber prices as a consequence over the market condition. Thai Rubber Land and Plantation Co., Ltd., a wholly-owned subsidiary of the Company, incurred net operating losses for the year ended 31 December 2017 of Baht 65.0 million *(2016: Baht 65.9 million)*. The Group/Company assessed the recoverable amount of rubber plantation development costs and its investment which presented in the financial statements by preparing discounted cash flow projections (“DCF”) by managements to determine the value in use of the cash-generating unit (“CGU”) which mainly comprised of rubber plantation development costs and property, plant and equipments compared with the fair value less cost to disposal. The key assumptions used in the estimation of the recoverable amount in CGU related to discount and margin. The discount rate estimated based on the historical industry average weighted-average cost of capital. Based on the result of the assessment and management judgment, there was no impairment loss had been recorded.

None of the Company’s subsidiaries are publicly listed and consequently do not have published price quotation.

1. **Non-controlling interests**

The following table summarises the information relating to each of the Group’s subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

|  |  | 31 December 2017 | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Shanghai |  | Other  individual immaterial  subsidiaries and intra-group eliminations | | |  |  |
|  |  |  |  | Runmao |  |  |  |
|  |  | Latex |  | International |  |  |  |
|  |  | Systems |  | Trading |  |  |  |
|  |  | Co., Ltd. |  | Co., Ltd. |  |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | |
| Non-controlling interest percentage |  | 43.84 |  | 45.00 |  |  |  |  |  |  |
| Current assets |  | 323,562 |  | 109,233 |  |  |  |  |  |  |
| Non-current assets |  | 487,759 |  | 829 |  |  |  |  |  |  |
| Current liabilities |  | (204,810) |  | (48,461) |  |  |  |  |  |  |
| Non-current liabilities |  | (237,296) |  | - |  |  |  |  |  |  |
| **Net assets** |  | 369,215 |  | 61,601 |  |  |  |  |  |  |
| Carrying amount of non-  controlling interest |  | 161,864 |  | 27,720 |  |  |  | 32,048 |  | 221,632 |
|  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  | 753,468 |  | 1,214,543 |  |  |  |  |  |  |
| Profit |  | 109,130 |  | 10,398 |  |  |  |  |  |  |
| **Total comprehensive income** |  | **109,064** |  | **10,398** |  |  |  |  |  |  |
| Profit (loss) allocated to non-  controlling interest |  | 47,843 |  | 4,679 |  |  |  | (2,553) |  | **49,969** |
| Other comprehensive income  allocated to non-controlling  interest |  | 47,814 |  | 4,679 |  |  |  | (3,091) |  | **49,402** |
|  |  |  |  |  |  |  |  |  |  |  |
| Cash flows from operating  activities |  | 76,839 |  | 44,794 |  |  |  |  |  |  |
| Cash flows from (used in) investing activities |  | (94,674) |  | 101 |  |  |  |  |  |  |
| Cash flows from (used in) financing activities |  | 47,420 |  | (32,964) |  |  |  |  |  |  |
| **Net increase in cash and cash equivalents** |  | **29,585** |  | **11,931** |  |  |  |  |  |  |

|  |  | 31 December 2016 | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Shanghai |  | Other  individual immaterial  subsidiaries and intra-group eliminations | | |  |  |
|  |  |  |  | Runmao |  |  |  |
|  |  | Latex |  | International |  |  |  |
|  |  | Systems |  | Trading |  |  |  |
|  |  | Co., Ltd. |  | Co., Ltd. |  |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | |
| Non-controlling interest percentage |  | 43.84 |  | 45.00 |  |  |  |  |  |  |
| Current assets |  | 138,214 |  | 117,510 |  |  |  |  |  |  |
| Non-current assets |  | 427,336 |  | 1,540 |  |  |  |  |  |  |
| Current liabilities |  | (125,697) |  | (32,714) |  |  |  |  |  |  |
| Non-current liabilities |  | (154,112) |  | - |  |  |  |  |  |  |
| **Net assets** |  | 285,741 |  | 86,336 |  |  |  |  |  |  |
| Carrying amount of non-  controlling interest |  | 125,269 |  | 38,851 |  |  |  | 23,914 |  | 188,034 |
|  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  | 429,094 |  | 1,132,294 |  |  |  |  |  |  |
| Profit |  | 62,499 |  | 11,363 |  |  |  |  |  |  |
| **Total comprehensive income** |  | **73,043** |  | **11,363** |  |  |  |  |  |  |
| Profit (loss) allocated to non-  controlling interest |  | 27,400 |  | 5,113 |  |  |  | (6,897) |  | **25,616** |
| Other comprehensive income  allocated to non-controlling  interest |  | 32,022 |  | 5,113 |  |  |  | (9,127) |  | **28,008** |
|  |  |  |  |  |  |  |  |  |  |  |
| Cash flows from operating  activities |  | 72,212 |  | 2,337 |  |  |  |  |  |  |
| Cash flows used in investing  activities |  | (226,521) |  | (72) |  |  |  |  |  |  |
| Cash flows from financing  activities |  | 150,273 |  | - |  |  |  |  |  |  |
| **Net increase (decrease) in**  **cash and cash equivalents** |  | **(4,036)** |  | **2,265** |  |  |  |  |  |  |

1. **Investment properties**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  |  |  |  |  |  |  |  |
| - Land |  | 425,621 |  | 415,574 |  | 60,570 |  | 42,400 |
| - Building |  | 123,439 |  | 113,036 |  | 62,520 |  | 45,000 |
|  |  | **549,060** |  | **528,610** |  | **123,090** |  | **87,400** |
| Transfer to assets classified as held  for sale |  |  |  |  |  |  |  |  |
| - Land and building |  | - |  | (6,826) |  | - |  | (6,826) |
|  |  | **-** |  | **(6,826)** |  | **-** |  | **(6,826)** |
| Fair value adjustments recognised |  |  |  |  |  |  |  |  |
| in profit or loss |  |  |  |  |  |  |  |  |
| - Land |  | 12,592 |  | 25,255 |  | 2 |  | 18,170 |
| - Building |  | (3,702) |  | 17,229 |  | (2,642) |  | 24,346 |
|  | *29, 32* | **8,890** |  | **42,484** |  | **(2,640)** |  | **42,516** |
|  |  |  |  |  |  |  |  |  |
| Reversal of revaluation surplus |  |  |  |  |  |  |  |  |
| of land and building which |  |  |  |  |  |  |  |  |
| transferred to investment |  |  |  |  |  |  |  |  |
| properties |  |  |  |  |  |  |  |  |
| - Land and building |  | - |  | (15,208) |  | - |  | - |
|  |  | **-** |  | **(15,208)** |  | **-** |  | **-** |
| As 31 December |  |  |  |  |  |  |  |  |
| - Land |  | 438,213 |  | 425,621 |  | 60,572 |  | 60,570 |
| - Building |  | 119,737 |  | 123,439 |  | 59,878 |  | 62,520 |
| **Total** |  | **557,950** |  | **549,060** |  | **120,450** |  | **123,090** |

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the lease contains an initial non-cancellable period of 3 and 10 years for land and building. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

As at 31 December 2016, the loss on remeasurement of investment properties of Baht 15.2 million is reversing in other comprehensive income as previously presented in the revaluation reserve in equity of the Group.

The Group has pledged investment properties amounting to approximately Baht 244.5 million *(2016: Baht 341.8 million)* as collateral against credit facilities from a financial institution.

**Measurement of fair value**

*Fair value hierarchy*

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group’s/Company’s investment properties portfolio on an annual basis.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

*Valuation technique and significant unobservable inputs*

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Valuation technique** |  | **Significant unobservable inputs** |  | **Inter-relationship between significant unobservable inputs and fair value measurement** |
|  |  |  |  |  |
| Market comparison technique |  | The quoted prices and actual trading price of a similar comparative investment properties adjusted by other various factor. |  | The estimated fair value would increase (decrease) if the price per area were higher (lower). |
| Replacement cost technique |  | Construction cost and the depreciation of investment properties adjusted by other factors. |  | The estimated fair value would increase (decrease) if the condition of property and construction cost would increase (decrease). |

1. **Property, plant and equipment**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | | | | | | | | | | | | | |
|  |  | Land  and land |  | Building  and building |  |  |  | Office and |  |  |  | Other |  | Assets under  construction and |  |  |
|  | *Note* | improvement |  | improvements |  | Machinery |  | other equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| ***Cost/Revaluation*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2016 |  | 932,549 |  | 1,163,419 |  | 1,208,406 |  | 498,044 |  | 135,687 |  | 126,158 |  | 192,338 |  | 4,256,601 |
| Additions |  | 697 |  | 2,311 |  | 7,885 |  | 10,795 |  | 3,287 |  | 6 |  | 416,412 |  | 441,393 |
| Revaluation of land, building, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| and machinery |  | 692,202 |  | 136,639 |  | 53,637 |  | - |  | - |  | - |  | - |  | 882,478 |
| Transfer from rubber plantation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| development costs | *20* | 2,584 |  | - |  | - |  | - |  | - |  | - |  | - |  | 2,584 |
| Transfer to assets classified as |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| held for sale | *16* | (10,300) |  | (21,294) |  | - |  | (17,925) |  | - |  | - |  | - |  | (49,519) |
| Transfer in (out) |  | 84 |  | 41,124 |  | 31,246 |  | 11,545 |  | (301) |  | 2,448 |  | (86,146) |  | - |
| Write-off |  | - |  | (475) |  | (921) |  | (3,209) |  | - |  | - |  | (3,362) |  | (7,967) |
| Disposals |  | (135,250) |  | (176,658) |  | (123,966) |  | (61,032) |  | (10,092) |  | - |  | (15,963) |  | (522,961) |
| Reversal of assets revaluation |  | (2,457) |  | (472,389) |  | (458,570) |  | - |  | - |  | - |  | - |  | (933,416) |
| **At 31 December 2016 and** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **1 January 2017** |  | **1,480,109** |  | **672,677** |  | **717,717** |  | **438,218** |  | **128,581** |  | **128,612** |  | **503,279** |  | **4,069,193** |
| Additions |  | 1,298 |  | 95,731 |  | 5,236 |  | 19,329 |  | 8,460 |  | 596 |  | 148,665 |  | 279,315 |
| Revaluation of land, building, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| and machinery |  | 60,670 |  | - |  | - |  | - |  | - |  | - |  | - |  | 60,670 |
| Transfer to assets classified as |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| held for sale | *16* | - |  | - |  | - |  | 458 |  | - |  | - |  | - |  | 458 |
| Transfer in (out) |  | - |  | 199,765 |  | 112,661 |  | 7,463 |  | 5,000 |  | 9,613 |  | (334,502) |  | - |
| Write-off |  | - |  | - |  | - |  | (1,408) |  | - |  | - |  | (552) |  | (1,960) |
| Disposals |  | - |  | (95,751) |  | (9,086) |  | (5,733) |  | (6,802) |  | - |  | - |  | (117,372) |
| **At 31 December 2017** |  | **1,542,077** |  | **872,422** |  | **826,528** |  | **458,327** |  | **135,239** |  | **138,821** |  | **316,890** |  | **4,290,304** |

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|  |  | **Consolidated financial statements** | | | | | | | | | | | | | | |
|  |  | Land  and land |  | Building  and building |  |  |  | Office and |  |  |  | Other |  | Assets under  construction and |  |  |
|  | *Note* | improvement |  | improvements |  | Machinery |  | other equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| ***Depreciation and impairment losses*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2016 |  | 28,916 |  | 506,852 |  | 576,332 |  | 357,737 |  | 103,103 |  | 88,936 |  | - |  | 1,661,876 |
| Depreciation charge for the year |  | - |  | 34,472 |  | 109,144 |  | 22,341 |  | 14,652 |  | 4,600 |  | - |  | 185,209 |
| Transfer in (out) |  | - |  | - |  | - |  | 301 |  | (301) |  | - |  | - |  | - |
| Transfer to assets held for sale | *16* | - |  | (5,148) |  | - |  | (17,326) |  | - |  | - |  | - |  | (22,474) |
| Write-off |  | - |  | (475) |  | (921) |  | (3,059) |  | - |  | - |  | - |  | (4,455) |
| Disposals |  | (259) |  | (31,903) |  | (45,761) |  | (36,827) |  | (8,912) |  | - |  | - |  | (123,662) |
| (Reversal of) impairment losses |  | (10,753) |  | (4,097) |  | 2,832 |  | - |  | - |  | - |  | - |  | (12,018) |
| Reversal of accumulated depreciation  on assets revaluation |  | (2,457) |  | (472,389) |  | (458,570) |  | - |  | - |  | - |  | - |  | (933,416) |
| **At 31 December 2016 and** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **1 January 2017** |  | **15,447** |  | **27,312** |  | **183,056** |  | **323,167** |  | **108,542** |  | **93,536** |  | **-** |  | **751,060** |
| Depreciation charge for the year |  | - |  | 65,196 |  | 103,050 |  | 25,172 |  | 11,288 |  | 5,530 |  | - |  | 210,236 |
| Transfer from assets held for sale | *16* | - |  | - |  | - |  | 421 |  | - |  | - |  | - |  | 421 |
| Write-off |  | - |  | - |  | - |  | (1,408) |  | - |  | - |  | - |  | (1,408) |
| Disposals |  | - |  | - |  | (1,144) |  | (5,282) |  | (6,668) |  | - |  | - |  | (13,094) |
| **At 31 December 2017** |  | **15,447** |  | **92,508** |  | **284,962** |  | **342,070** |  | **113,162** |  | **99,066** |  | **-** |  | **947,215** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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|  |  | **Consolidated financial statements** | | | | | | | | | | | | | | |
|  |  | Land  and land |  | Building  and building |  |  |  | Office and |  |  |  | Other |  | Assets under  construction and |  |  |
|  |  | improvement |  | improvements |  | Machinery |  | other equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 1 January 2016** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets |  | 903,633 |  | 656,567 |  | 332,398 |  | 140,307 |  | 9,324 |  | 37,222 |  | 192,338 |  | 2,271,789 |
| Assets under finance leases |  | - |  | - |  | 299,676 |  | - |  | 23,260 |  | - |  | - |  | 322,936 |
|  |  | **903,633** |  | **656,567** |  | **632,074** |  | **140,307** |  | **32,584** |  | **37,222** |  | **192,338** |  | **2,594,725** |
| **At 31 December 2016**  **and 1 January 2017** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets |  | 1,464,662 |  | 645,365 |  | 287,327 |  | 115,051 |  | 1,202 |  | 35,076 |  | 503,279 |  | 3,051,962 |
| Assets under finance leases |  | - |  | - |  | 247,334 |  | - |  | 18,837 |  | - |  | - |  | 266,171 |
|  |  | **1,464,662** |  | **645,365** |  | **534,661** |  | **115,051** |  | **20,039** |  | **35,076** |  | **503,279** |  | **3,318,133** |
| **At 31 December 2017** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets |  | 1,526,630 |  | 695,521 |  | 345,628 |  | 116,257 |  | 8,478 |  | 39,755 |  | 316,890 |  | 3,049,159 |
| Assets under finance leases |  | - |  | 84,393 |  | 195,938 |  | - |  | 13,599 |  | - |  | - |  | 293,930 |
|  |  | **1,526,630** |  | **779,914** |  | **541,566** |  | **116,257** |  | **22,077** |  | **39,755** |  | **316,890** |  | **3,343,089** |

The gross amount of the Group’s fully depreciated of plant and equipment that were still in use as at 31 December 2017 amounted to Baht 443.5 million *(2016: Baht 651.9 million).*

During 2016, Thai Rubber HPNR Co., Ltd., a subsidiary, signed an agreement to purchase and sale of its property in amounting of Baht 420.0 million consist of property, building and equipment for block rubber with the net book value of Baht 386.9 million with a local company. The Group reversed impairment loss of assets and recognised gain from sale of such assets amounting to Baht 19.1 million and Baht 22.4 million, repectively, presented under other income in the consolidated statement of comprehensive income for the period ended 31 December 2016.

Capitalised borrowing costs relating to the acquisition of the building amounted to Baht 7.1 million *(2016: Baht 4.8 million)*, with a capitalisation rate of 3.9% *(2016: 3.9%)* *(see note 35)*.

In December 2016, land, building and machinery are revalued by market approach and depreciated replacement cost (“DRC”) approach. The Group/Company determined fair value based on valuations performed by valuer approved by the Office of the SEC resulted to increase in revaluation surplus of land, building and machinery.

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|  |  | **Separate financial statements** | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  |  | Land |  | Building |  |  |  | Office |  |  |  |  |  | construction |  |  |
|  |  | and land |  | and building |  |  |  | and other |  |  |  | Other |  | and |  |  |
|  | *Note* | improvement |  | improvements |  | Machinery |  | equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| ***Cost/Revaluation*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2016 |  | 93,901 |  | 119,212 |  | 101,927 |  | 58,239 |  | 18,858 |  | 19,896 |  | 4,970 |  | 417,003 |
| Additions |  | - |  | - |  | 6,372 |  | 938 |  | 10 |  | - |  | 700 |  | 8,020 |
| Revaluation of land, building and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Machinery |  | 55,163 |  | 24,715 |  | - |  | - |  | - |  | - |  | - |  | 79,878 |
| Reversal of assets revaluation |  | - |  | (71,984) |  | - |  | - |  | - |  | - |  | - |  | (71,984) |
| Transfer in (out) |  | - |  | - |  | 4,482 |  | - |  | - |  | - |  | (4,482) |  | - |
| Disposals |  | - |  | - |  | (4,481) |  | - |  | - |  | - |  | - |  | (4,481) |
| **At 31 December 2016** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **and 1 January 2017** |  | **149,064** |  | **71,943** |  | **108,300** |  | **59,177** |  | **18,868** |  | **19,896** |  | **1,188** |  | **428,436** |
| Additions |  | - |  | - |  | - |  | 1,361 |  | 2,339 |  | 406 |  | 4,047 |  | 8,153 |
| Disposals |  | - |  | - |  | - |  | (21) |  | - |  | - |  | - |  | (21) |
| Acquisition from entire business transfer | *3* | 315,065 |  | 296,091 |  | 315,018 |  | 87,171 |  | 70,751 |  | 81,968 |  | 105,373 |  | 1,271,437 |
| **At 31 December 2017** |  | **464,129** |  | **368,034** |  | **423,318** |  | **147,688** |  | **91,958** |  | **102,270** |  | **110,608** |  | **1,708,005** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  | **Separate financial statements** | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  |  | Land |  | Building |  |  |  | Office |  |  |  |  |  | construction |  |  |
|  |  | and land |  | and building |  |  |  | and other |  |  |  | Other |  | and |  |  |
|  | *Note* | improvement |  | improvements |  | Machinery |  | equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| ***Depreciation and impairment losses*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2016 |  | 9,813 |  | 68,830 |  | 46,390 |  | 54,760 |  | 17,816 |  | 17,320 |  | - |  | 214,929 |
| Depreciation charge for the year |  | - |  | 3,154 |  | 11,895 |  | 1,358 |  | 1,041 |  | 865 |  | - |  | 18,313 |
| Impairment losses |  | 2,727 |  | 1,097 |  | - |  | - |  | - |  | - |  | - |  | 3,824 |
| Reversal of accumulated depreciation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| on assets revaluation |  | - |  | (71,984) |  | - |  | - |  | - |  | - |  | - |  | (71,984) |
| Disposals |  | - |  | - |  | (4,481) |  | - |  | - |  | - |  | - |  | (4,481) |
| **At 31 December 2016** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **and 1 January 2017** |  | **12,540** |  | **1,097** |  | **53,804** |  | **56,118** |  | **18,857** |  | **18,185** |  | **-** |  | **160,601** |
| Depreciation charge for the year |  | - |  | 3,363 |  | 10,783 |  | 1,337 |  | 44 |  | 866 |  | - |  | 16,393 |
| Disposals |  | - |  | - |  | - |  | (4) |  | - |  | - |  | - |  | (4) |
| Acquisition from entire business transfer | *3* | - |  | 45,884 |  | 136,724 |  | 79,892 |  | 62,154 |  | 61,018 |  | - |  | 385,672 |
| **At 31 December 2017** |  | **12,540** |  | **50,344** |  | **201,311** |  | **137,343** |  | **81,055** |  | **80,069** |  | **-** |  | **562,662** |

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|  | **Separate financial statements** | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  | Land |  | Building |  |  |  | Office |  |  |  |  |  | construction |  |  |
|  | and land |  | and building |  |  |  | and other |  |  |  | Other |  | and |  |  |
|  | improvement |  | improvements |  | Machinery |  | equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 1 January 2016** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 84,088 |  | 50,382 |  | 8,601 |  | 3,479 |  | 1,042 |  | 2,576 |  | 4,970 |  | 155,138 |
| Assets under finance leases | - |  | - |  | 46,936 |  | - |  | - |  | - |  | - |  | 46,936 |
|  | **84,088** |  | **50,382** |  | **55,537** |  | **3,479** |  | **1,042** |  | **2,576** |  | **4,970** |  | **202,074** |
| **At 31 December 2016 and**  **1 January 2017** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 136,524 |  | 70,846 |  | 15,987 |  | 3,059 |  | 11 |  | 1,711 |  | 1,188 |  | 229,326 |
| Assets under finance leases | - |  | - |  | 38,509 |  | - |  | - |  | - |  | - |  | 38,509 |
|  | **136,524** |  | **70,846** |  | **54,496** |  | **3,059** |  | **11** |  | **1,711** |  | **1,188** |  | **267,835** |
| **At 31 December 2017** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 451,589 |  | 233,297 |  | 26,069 |  | 10,345 |  | 8,607 |  | 22,201 |  | 110,608 |  | 862,716 |
| Assets under finance leases | - |  | 84,393 |  | 195,938 |  | - |  | 2,296 |  | - |  | - |  | 282,627 |
|  | **451,589** |  | **317,690** |  | **222,007** |  | **10,345** |  | **10,903** |  | **22,201** |  | **110,608** |  | **1,145,343** |

The gross amount of the Company’s fully depreciated plant and equipment that were still in use as at 31 December 2017 amounted to Baht 260.9 million *(2016: Baht 50.4 million).*

The Group and the Company have pledged their property, plant and equipment which have a net book value of Baht 2,234.3 million and Baht 965.2 million, respectively *(2016: Baht 2,055.9 million and Baht 245.9 million, respectively)*, as collateral to secure the Group’s and the Company’s bank overdrafts, trusted receipts, short and long term loans. *(see note 22)*

**Measurement of fair value**

*Fair value hierarchy*

The fair value of land, building and machinery was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuerd provide the fair value of the Group’s/Company’s land, building and machinery portfolio over periods of 3 - 5 years.

The fair value measurement for land, building and machinery has been categorised as a Level 3 fair value based on the input to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of land, building

and machinery, as well as the significant unobservable inputs used.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Valuation technique** |  | **Significant unobservable inputs** |  | **Inter-relationship between significant unobservable inputs and fair value measurement** |
|  |  |  |  |  |
| Market comparison technique |  | The quoted prices and actual trading price of a similar comparative land adjusted by other various factor. |  | The estimated fair value would increase (decrease) if the price per area were higher (lower). |
| Replacement cost technique |  | Construction costs, used machine costs or second hand machine and depreciation of building and machine adjusted by other factors. |  | The estimated fair value would increase (decrease) and the condition of property and construction cost and used machine or second hand machine would increase (decrease). |

1. **Non*-*current assets classified as held for sale**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 34,311 |  | 440 |  | 6,826 |  | - |
| Transfer from investment properties | *14* | - |  | 6,826 |  | - |  | 6,826 |
| Transfer from (to) property, plant and  equipment | *15* | (37) |  | 27,045 |  | - |  | - |
| Transfer to land possessory rights | *18* | (440) |  | - |  | - |  | - |
| Disposals |  | (33,834) |  | - |  | (6,826) |  | - |
| **At 31 December** |  | **-** |  | **34,311** |  | **-** |  | **6,826** |
| *Less* Assets classified as held for sale -  current portion |  | - |  | (34,311) |  | - |  | (6,826) |
| **Net** |  | **-** |  | **-** |  | **-** |  | **-** |

During 2017, the Group/Company sold land and buildings classified as held for sale in amounting to Baht 33.2 million and 6.8 million, respectively, and recorded gain on disposal of such assets of Baht 6.2 million in the consolidated statement of comprehensive income for the year ended 31 December 2017.

1. **Other intangible assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Software license | | |
|  |  | **Consolidated financial statements** |  | **Separate financial statements** |
|  | *Note* | *(in thousand Baht)* | | |
| At 1 January 2016 |  | 11,322 |  | 6,147 |
| Additions |  | 1,604 |  | 824 |
| **At 31 December 2016 and 1 January 2017** |  | **12,926** |  | **6,971** |
| Additions |  | 4,244 |  | - |
| Acquisition from entire business transfer | *3* | - |  | 2,954 |
| **At 31 December 2017** |  | **17,170** |  | **9,925** |
|  |  |  |  |  |
| ***Amortisation*** |  |  |  |  |
| At 1 January 2016 |  | (10,656) |  | (6,147) |
| Amortisation charge for the year |  | (482) |  | (165) |
| **At 31 December 2016 and 1 January 2017** |  | **(11,138)** |  | **(6,312)** |
| Amortisation charge for the year |  | (786) |  | (165) |
| Acquisition from entire business transfer | *3* | - |  | (2,954) |
| **At 31 December 2017** |  | **(11,924)** |  | **(9,431)** |
|  |  |  |  |  |
| ***Net book value*** |  |  |  |  |
| **At 1 January 2016** |  | **666** |  | **-** |
| **At 31 December 2016 and 1 January 2017** |  | **1,788** |  | **659** |
| **At 31 December 2017** |  | **5,246** |  | **494** |

1. **Land possessory rights**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 192,444 |  | 192,444 |  | 6,270 |  | 6,270 |
| Transfer from assets held for sale | *16* | 440 |  | - |  | - |  | - |
| Increase |  | 274 |  | - |  | - |  | - |
| **At 31 December** |  | **193,158** |  | **192,444** |  | **6,270** |  | **6,270** |

As at 31 December 2017, the Group and the Company have land possessory rights of approximately 13,558 rais and 49 rais, respectively *(2016 : 13,547 rais and 49 rais, respectively)*. The Group and the Company are currently in the process of legal ownership acquisition.

1. **Advance payment for land possessory rights**

The Group entered into a Shareholders Agreement with Vantage Co., Ltd. (“Vantage”) to join and invest in the business in the Republic of the Union of Myanmar through the incorporation of Myanmar Thai Rubber Joint Corporation Limited (“MTRJC”) which is or shall be a limited company under the law in the Republic of the Union of Myanmar. MTRJC has registered capital of Baht 107.7 million in order to develop and produce of rubber plantation, rubber smoked sheet and concentrated natural latex factory in Myeik, Dawei. Under the terms of the above agreement, MTRJC will purchase land possessory rights at the amount of Baht 145 million. In 2014, MTRJC paid advance payment for land possessory right at Baht 45 million. However in 2017, the land possessory rights have not yet been transferred to MTRJC. As a result, an addendum to the above agreement with Vantage has been made in order to transfer the land processor rights to Vantage. The rubber plantation is operated by Vantage and the operating result from the rubber plantation will be repaid to MTRJC to deduct the advance for land possessory rights until the rights are transferred to MTRJC. As at 31 December 2017, the outstanding balance of advance payment for land possessory rights amounted of Baht 36.5 million is in the consolidated financial statements.

1. **Rubber plantation development costs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | |
|  | *Note* | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | |
| At 1 January |  | 851,210 |  | 809,550 |
| Additions |  | 40,977 |  | 50,977 |
| Transfer to property, plant and equipment | *15* | - |  | (2,584) |
| Amortisation |  | (14,750) |  | (6,733) |
| **At 31 December** |  | **877,437** |  | **851,210** |

As at 31 December 2017, the Group have capitalised borrowing costs related to rubber plantation development amounted to Baht 14.2 million *(2016: 17.6 million)*, with a recognition interest rate of 3.9 % p.a. *(2016: 3.9% p.a.) (see note 35)*.

1. **Deferred tax**

Deferred tax assets and liabilities as at 31 December were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | |
|  | **Assets** | | |  | **Liabilities** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 152,027 |  | 175,267 |  | (372,137) |  | (369,921) |
| Set off of tax | (132,605) |  | (150,723) |  | 132,605 |  | 150,723 |
| **Net deferred tax assets (liabilities)** | **19,422** |  | **24,544** |  | **(239,532)** |  | **(219,198)** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | |
|  | **Assets** | | |  | **Liabilities** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 87,794 |  | 56,540 |  | (150,772) |  | (52,243) |
| Set off of tax | (87,794) |  | (52,243) |  | 87,794 |  | 52,243 |
| **Net deferred tax assets (liabilities)** | **-** |  | **4,297** |  | **(62,978)** |  | **-** |

Movements in total deferred tax assets and liabilities during the years ended 31 December 2017 and 2016 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | |
|  |  | | | (Charged) / Credited to: | | | | | | | | | |  | | | |
|  | **At 1** |  | | Profit | |  | | Other | |  | |  | |  | | **At 31** | |
|  | **January** |  | | or loss | |  | | comprehensive | |  | |  | |  | | **December** | |
|  | **2017** |  | | *(see note 36)* | |  | | income | |  | | Equity | |  | | **2017** | |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | |
| ***Deferred tax assets*** |  |  | |  | |  | |  | |  | |  | |  | |  | |
| Trade accounts receivable *(doubtful accounts)* | 26,836 |  | | (1) | |  | | - | |  | | - | |  | | 26,835 | |
| Property, plant and equipment  *(sales and leaseback)* | 36,252 |  | | (7,718) | |  | | - | |  | | - | |  | | 28,534 | |
| Employee benefit obligations | 12,763 |  | | 547 | |  | | 124 | |  | | - | |  | | 13,434 | |
| Others | 2,536 |  | | (332) | |  | | - | |  | | - | |  | | 2,204 | |
| Loss carry forward | 96,880 |  | | (15,860) | |  | | - | |  | | - | |  | | 81,020 | |
| **Total** | **175,267** |  | | **(23,364)** | |  | | **124** | |  | | **-** | |  | | **152,027** | |
|  |  |  | |  | |  | |  | |  | |  | |  | |  | |
| ***Deferred tax liabilities*** |  |  | |  | |  | |  | |  | |  | |  | |  | |
| Property, plant and equipment  *(revaluation)* | (307,230) |  | | 13,716 | |  | | (12,174) | |  | | - | |  | | (305,688) | |
| Investment properties  *(revaluation)* | (59,857) |  | | (2,959) | |  | | - | |  | | - | |  | | (62,816) | |
| Others | (2,834) |  | | (799) | |  | | - | |  | | - | |  | | (3,633) | |
| **Total** | **(369,921)** |  | | **9,958** | |  | | **(12,174)** | |  | | **-** | |  | | **(372,137)** | |
|  |  |  | |  | |  | |  | |  | |  | |  | |  | |
| **Net** | **(194,654)** |  | | **(13,406)** | |  | | **(12,050)** | |  | | **-** | |  | | **(220,110)** | |
|  |  |  | |  | |  | |  | |  | |  | |  | |  | |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | |
|  |  |  | | (Charged) / Credited to: | | | | | | | | | |  | |  | |
|  | **At 1** |  | | Profit | |  | | Other | |  | |  | |  | | **At 31** | |
|  | **January** |  | | or loss | |  | | comprehensive | |  | |  | |  | | **December** | |
|  | **2016** |  | | *(see note 36)* | |  | | income | |  | | Equity | |  | | **2016** | |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | |
| ***Deferred tax assets*** |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Trade accounts receivable *(doubtful accounts)* | 26,836 | |  | | - | |  | | - | |  | | - | |  | | 26,836 | |
| Property, plant and equipment  *(sales and leaseback)* | 44,151 | |  | | (7,899) | |  | | - | |  | | - | |  | | 36,252 | |
| Employee benefit obligations | 11,908 | |  | | 855 | |  | | - | |  | | - | |  | | 12,763 | |
| Others | 1,841 | |  | | 695 | |  | | - | |  | | - | |  | | 2,536 | |
| Loss carry forward | 119,369 | |  | | (22,489) | |  | | - | |  | | - | |  | | 96,880 | |
| **Total** | **204,105** | |  | | **(28,838)** | |  | | **-** | |  | | **-** | |  | | **175,267** | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  | **Consolidated financial statements** | | | | | | | | | | | | | | | | |
|  |  |  | | (Charged) / Credited to: | | | | | | | | | |  | |  | |
|  | **At 1** |  | | Profit | |  | | Other | |  | |  | |  | | **At 31** | |
|  | **January** |  | | or loss | |  | | comprehensive | |  | |  | |  | | **December** | |
|  | **2016** |  | | *(see note 36)* | |  | | income | |  | | Equity | |  | | **2016** | |
|  | *(in thousand Baht)* | | | | | | | | | | | | | | | | |
| ***Deferred tax liabilities*** |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Property, plant and equipment  *(revaluation)* | (143,939) | |  | | 13,272 | |  | | (176,563) | |  | | - | |  | | (307,230) | |
| Investment properties  *(revaluation)* | (53,156) | |  | | (9,743) | |  | | 3,042 | |  | | - | |  | | (59,857) | |
| Others | (935) | |  | | (1,899) | |  | | - | |  | | - | |  | | (2,834) | |
| **Total** | **(198,030)** | |  | | **1,630** | |  | | **(173,521)** | |  | | **-** | |  | | **(369,921)** | |
|  |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| **Net** | **6,075** | |  | | **(27,208)** | |  | | **(173,521)** | |  | | **-** | |  | | **(194,654)** | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Separate financial statements** | | | | | | | | | |
|  |  | |  | (Charged) / Credited to: | | | | |  |  |  |  |
|  | **At 1**  **January**  **2017** | |  | Profit  or loss  *(Note 36)* |  | Other comprehensive income |  | Equity |  | Acquisition from entire business transfer  *(Note 3)* |  | **At 31**  **December**  **2017** |
|  | *(in thousand Baht)* | | | | | | | | | | | |
| ***Deferred tax assets*** |  | |  |  |  |  |  |  |  |  |  |  |
| Trade account receivable *(doubtful accounts)* | 22,104 | |  | - |  | - |  | - |  | 4,603 |  | 26,707 |
| Property, plant and equipment  *(sales and leaseback)* | 6,678 | |  | (1,483) |  | - |  | - |  | 23,158 |  | 28,353 |
| Employee benefit obligations | 1,517 | |  | 212 |  | 20 |  | - |  | 8,065 |  | 9,814 |
| Others | 624 | |  | 721 |  | - |  | - |  | 615 |  | 1,960 |
| Loss carry forward | 25,617 | |  | (4,657) |  | - |  | - |  | - |  | 20,960 |
| **Total** | **56,540** | |  | **(5,207**) |  | **20** |  | - |  | **36,441** |  | **87,794** |
| ***Deferred tax liabilities*** |  | |  |  |  |  |  |  |  |  |  |  |
| Property, plant and equipment *(revaluation)* | (39,368) | |  | 1,670 |  | - |  | - |  | (99,869) |  | (137,567) |
| Investment properties  *(revaluation)* | (12,875) | |  | (117) |  | - |  | - |  | - |  | (12,992) |
| Other | - | |  | - |  | - |  | - |  | (213) |  | (213) |
| **Total** | **(52,243)** | |  | **1,553** |  | **-** |  | **-** |  | **(100,082)** |  | **(150,772)** |
|  |  | |  |  |  |  |  |  |  |  |  |  |
| **Net** | **4,297** | |  | **(3,654)** |  | **20** |  | **-** |  | **(63,641)** |  | **(62,978)** |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | |
|  |  |  | (Charged) / Credited to: | | | | |  |  |
|  | **At 1**  **January**  **2016** |  | Profit  or loss  *(Note 36)* |  | Other comprehensive income |  | Equity |  | **At 31**  **December**  **2016** |
|  | *(in thousand Baht)* | | | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |  |  |
| Trade account receivable *(doubtful accounts)* | 22,104 |  | - |  | - |  | - |  | 22,104 |
| Property, plant and equipment  *(sales and leaseback)* | 8,161 |  | (1,483) |  | - |  | - |  | 6,678 |
| Employee benefit obligations | 1,564 |  | (47) |  | - |  | - |  | 1,517 |
| Others | 669 |  | (45) |  | - |  | - |  | 624 |
| Loss carry forward | 25,617 |  | - |  | - |  | - |  | 25,617 |
| **Total** | **58,115** |  | **(1,575)** |  | **-** |  | **-** |  | **56,540** |
|  |  |  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |  |  |
| Property, plant and equipment *(revaluation)* | (26,045) |  | 2,653 |  | (15,976) |  | - |  | (39,368) |
| Investment properties  *(revaluation)* | (3,661) |  | (9,214) |  | - |  | - |  | (12,875) |
| **Total** | **(29,706)** |  | **(6,561)** |  | **(15,976)** |  | **-** |  | **(52,243)** |
|  |  |  |  |  |  |  |  |  |  |
| **Net** | **28,409** |  | **(8,136)** |  | **(15,976)** |  | **-** |  | **4,297** |

Deferred tax assets arising from unused tax losses that has not been recognised in the financial statements were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| Loss carry forward |  | 77,818 |  | 86,769 |  | 19,319 |  | 19,319 |
| **Total** |  | **77,818** |  | **86,769** |  | **19,319** |  | **19,319** |

The tax losses expire in 2018 - 2024. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

As of 31 December 2017 and 2016, the Group/Company recognised deferred tax assets in respect of a portion of unused tax losses because the Group/Company has been granted privileges by the Board of Investment. The management believes that it is probable that future taxable profits arising from increasing production capacity in certain businesses, restructuring of financing plan and business restructuring of the Group/Company will be available against which such losses can be used and, therefore, the related deferred tax assets can be utilised.

1. **Interest-bearing liabilities**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| ***Current*** |  |  |  |  |  |  |  |
| Bank overdrafts - secured | 16,308 |  | 33,806 |  | 15,649 |  | 25,267 |
| Short-term borrowings from financial institutions - secured | 3,386,453 |  | 3,415,343 |  | 2,891,676 |  | 837,940 |
| **Bank overdrafts and short-term borrowings from financial institutions** | **3,402,761** |  | **3,449,149** |  | **2,907,325** |  | **863,207** |
| Short-term borrowings from related parties - unsecured | 8,000 |  | 8,000 |  | 32,000 |  | 1,349,300 |
| Current portion of long-term borrowings from financial institutions - secured | 108,750 |  | 65,000 |  | 58,750 |  | 12,000 |
| Current portion of finance lease liabilities | 74,805 |  | 64,410 |  | 73,160 |  | 9,078 |
| **Total current interest-bearing liabilities** | **3,594,316** |  | **3,586,559** |  | **3,071,235** |  | **2,233,585** |
|  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |
| Long-term borrowings from financial  institutions - secured | 1,123,750 |  | 1,010,000 |  | 898,750 |  | 255,000 |
| Finance lease liabilities | 90,643 |  | 86,935 |  | 86,827 |  | 12,974 |
| **Total non-current interest-bearing liabilities** | **1,214,393** |  | **1,096,935** |  | **985,577** |  | **267,974** |
| **Total interest-bearing liabilities** | **4,808,709** |  | **4,683,494** |  | **4,056,812** |  | **2,501,559** |

The details of long-term borrowings from financial institutions are summarised as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| **Long-term borrowings of the Company** |  |  |  |  |  |  |  |
| 1. Long-term borrowings of Baht 270 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 20 installments (Baht 3 million for installment 1-8, Baht 4.5 million for installment 9-16, Baht 6 million for installment 17-19 and the remain principle for installment 20). The repayments are to be made for every  3-month period, commencing December 2016. | 255,000 |  | 267,000 |  | 255,000 |  | 267,000 |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| 1. Long-term borrowings of Baht 645 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 20 installments (Baht 7 million for installment 1-8, Baht 10.5 million for installment 9-16, Baht 14 million for installment 17-19 and the remain principle for installment 20). The repayments are to be made for every  3-month period, commencing December 2016. | 610,000 |  | - |  | 610,000 |  | - |
|  |  |  |  |  |  |  |  |
| 1. Long-term borrowings of Baht 100 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 20 installments (Baht 2.5 million for installment 1-4, Baht 3.8 million for installment 5-8, Baht 6.3 million for installment 9-19 and the remain principle for installment 20). The repayments are to be made for every 3-month period, commencing June 2017. | 92,500 |  | - |  | 92,500 |  | - |
|  |  |  |  |  |  |  |  |
| **Long-term borrowings of the Subsidiaries** |  |  |  |  |  |  |  |
| *Thai Rubber Latex Group Co., Ltd.* |  |  |  |  |  |  |  |
| 1. Loan as (b) which TRLG transferred all interest-bearing liabilities to the Company according to the entire business transferred arrangement. | - |  | 638,000 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| *Latex Systems Co., Ltd.* |  |  |  |  |  |  |  |
| 1. Long-term borrowings facility of Baht 300 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 24 installments for 12.5 million per installment. The repayments are to be made for every 3-month period, commencing September 2017. | 275,000 |  | 170,000 |  | - |  | - |
| **Total** | **1,232,500** |  | **1,075,000** |  | **957,500** |  | **267,000** |
| *Less*: Current portion of long term borrowings | (108,750) |  | (65,000) |  | (58,750) |  | (12,000) |
| **Net** | **1,123,750** |  | **1,010,000** |  | **898,750** |  | **255,000** |

As at 31 December 2017, the Group has unutilised credit facilities at the total of Baht 1,709 million and USD 115 million *(2016: Baht 1,796 million and USD 121 million)*.

The weighted effective interest rate as at 31 December are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(% per annum)* | | | | | | |
| Short-term borrowings | 3.1 - 7.4 |  | 2.9 - 7.4 |  | 3.1 - 7.4 |  | 3.1 - 7.4 |
| Long-term borrowings | MLR-2 |  | MLR-2 |  | MLR-2 |  | MLR-2 |
| Finance lease | 4.4 - 6.5 |  | 5.1 - 6.5 |  | 4.4 - 6.5 |  | 5.1 |

***Finance lease liabilities***

Finance lease liabilities as at 31 December were payable as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidation financial statements** | | | | | | | | | | |
|  | 2017 | | | | |  | 2016 | | | | |
|  | Future minimum lease payments |  | Interest |  | Present value of minimum lease payments |  | Future minimum lease payments |  | Interest |  | Present value of minimum lease payments |
|  | *(in thousand Baht)* | | | | | | | | | | |
| Within one year | 81,729 |  | 6,924 |  | 74,805 |  | 71,549 |  | 7,139 |  | 64,410 |
| After one year but  within five years | 97,244 |  | 6,601 |  | 90,643 |  | 90,465 |  | 3,530 |  | 86,935 |
| **Total** | **178,973** |  | **13,525** |  | **165,448** |  | **162,014** |  | **10,669** |  | **151,345** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | |
|  | 2017 | | | | |  | 2016 | | | | |
|  | Future minimum lease payments |  | Interest |  | Present value of minimum lease payments |  | Future minimum lease payments |  | Interest |  | Present value of minimum lease  payments |
|  | *(in thousand Baht)* | | | | | | | | | | |
| Within one year | 79,740 |  | 6,580 |  | 73,160 |  | 10,117 |  | 1,039 |  | 9,078 |
| After one year but  within five years | 92,845 |  | 6,018 |  | 86,827 |  | 13,490 |  | 516 |  | 12,974 |
| **Total** | **172,585** |  | **12,598** |  | **159,987** |  | **23,607** |  | **1,555** |  | **22,052** |

The Group and the Company sold their buildings and machineries to a local company and leased them back under finance lease agreements. The finance lease liabilities were repayable in monthly installments commencing from January 2015 to November 2022. Under the lease agreements, the Company and subsidiary must comply with conditions covering the lease assets.

Long-term borrowings from financial institutions of the Group/Company are secured by the mortgage by land and premises thereon, plants and machinery, and also guaranteed by the Group/Company. Moreover, the Group/Company must be in compliance with the debt covenants and maintain the required financial ratios and other terms as stated in the agreements such as maintaining the debt to equity ratio.

1. **Trade accounts payable**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| Related parties | *5* | 1,268 |  | 1,572 |  | 1,623 |  | 500,474 |
| Other parties |  | 203,495 |  | 180,957 |  | 45,322 |  | 12,292 |
| **Total** |  | **204,763** |  | **182,529** |  | **46,945** |  | **512,766** |

1. **Other current payables**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| Related parties | *5* | - |  | - |  | 1,109 |  | 7,148 |
| Other parties |  | 154,780 |  | 145,561 |  | 49,271 |  | 13,398 |
| **Total** |  | **154,780** |  | **145,561** |  | **50,380** |  | **20,546** |

1. **Non-current provision for employee benefits**

|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht)* | | | | | | |
| **Statement of financial position**  **Non-current provisions for:** |  |  |  |  |  |  |  |
| Defined benefit obligations | 67,169 |  | 62,144 |  | 49,069 |  | 7,584 |
|  |  |  |  |  |  |  |  |
| ***Year ended 31 December*** |  |  |  |  |  |  |  |
| **Statement of comprehensive income:** |  |  |  |  |  |  |  |
| **Recognised in profit or loss:** |  |  |  |  |  |  |  |
| Current services cost | 5,866 |  | 7,388 |  | 1,155 |  | 1,522 |
| Reversal of provision for employee benefit | - |  | (431) |  | - |  | - |
|  | **5,866** |  | **6,957** |  | **1,155** |  | **1,522** |
|  |  |  |  |  |  |  |  |
| **Recognised in other comprehensive income:** |  |  |  |  |  |  |  |
| Actuarial losses recognised in the year | 802 |  | - |  | 101 |  | - |
|  | **802** |  | **-** |  | **101** |  | **-** |

***Defined benefit plan***

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group and the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations.

|  |  | **Consolidated**  **financial statements** | | |  | | **Separate**  **financial statements** | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2017 |  | 2016 |  | | | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | | | |
| At 1 January |  | 62,144 |  | 59,540 | |  | | 7,584 |  | 7,820 |
|  |  |  |  |  | |  | |  |  |  |
| **Include in profit or loss:** |  |  |  |  | |  | |  |  |  |
| Current service cost |  | 4,599 |  | 5,657 | |  | | 962 |  | 1,287 |
| Interest on obligation |  | 1,267 |  | 1,731 | |  | | 193 |  | 235 |
| Reversal of provision for employee benefit |  | - |  | (431) | |  | | - |  | - |
|  |  | **5,866** |  | **6,957** | |  | | **1,155** |  | **1,522** |
| **Included in other comprehensive income** |  |  |  |  | |  | |  |  |  |
| Actuarial loss |  | 802 |  | - | |  | | 101 |  | - |
|  |  | **802** |  | **-** | |  | | **101** |  | **-** |
| **Other** |  |  |  |  | |  | |  |  |  |
| Benefit paid |  | (1,643) |  | (4,353) | |  | | (94) |  | (1,758) |
| Acquisition from entire business transfer | *3* | - |  | - | |  | | 40,323 |  | - |
|  |  | **(1,643)** |  | **(4,353)** | |  | | **40,229** |  | **(1,758)** |
| **At 31 December** |  | **67,169** |  | **62,144** | |  | | **49,069** |  | **7,584** |

***Actuarial assumptions***

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(%)* | | | | | | |
| Discount rate | 3 |  | 3 |  | 3 |  | 3 |
| Future salary growth | 3 - 6 |  | 3 - 6 |  | 3 - 6 |  | 3 - 6 |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Weighted-average duration of the defined benefit obligation was 16 years*.*

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Increase |  | Decrease |  | Increase |  | Decrease |
|  | *(in thousand Baht)* | | | | | | |
| **At 31 December 2017** |  | | | | | | |
| Discount rate (1% movement) | (5,967) |  | 6,999 |  | (3,367) |  | 3,894 |
| Future salary growth (1% movement) | 7,933 |  | (6,831) |  | 4,507 |  | (3,936) |
| Employee turnover rate (1% movement) | (5,554) |  | 6,633 |  | (2,995) |  | 3,515 |
| Future mortality (1% movement) | 352 |  | (397) |  | 193 |  | (215) |
|  |  |  |  |  |  |  |  |
| **At 31 December 2016** |  |  |  |  |  |  |  |
| Discount rate (1% movement) | (5,576) |  | 6,567 |  | (559) |  | 649 |
| Future salary growth (1% movement) | 6,860 |  | (5,923) |  | 691 |  | (606) |
| Employee turnover rate (1% movement) | (4,764) |  | 5,657 |  | (431) |  | 501 |
| Future mortality (1% movement) | 304 |  | (342) |  | 29 |  | (33) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

1. **Share capital**

|  | Par value | 2017 | | |  | 2016 | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | per share | Number |  | Baht |  | | Number | |  | | Baht | |
|  | *(in Baht)* | *(thousand shares / thousand Baht)* | | | | | | | | | |
| ***Authorised*** |  |  |  |  |  |  | |  | |  | |
| At 1 January |  |  |  |  |  |  | |  | |  | |
| - ordinary shares | 1 | 749,608 |  | 749,608 |  | 749,608 | |  | | 749,608 | |
| Reduction of shares | 1 | (68,128) |  | (68,128) |  | - | |  | | - | |
| Issue of new shares | 1 | 1,200,000 |  | 1,200,000 |  | - | |  | | - | |
| **At 31 December** |  |  |  |  |  |  | |  | |  | |
| **- ordinary shares** |  | **1,881,480** |  | **1,881,480** |  | **749,608** | |  | | **749,608** | |
|  |  |  |  |  |  |  | |  | |  | |
| ***Issued and paid-up*** |  |  |  |  |  |  | |  | |  | |
| At 1 January |  |  |  |  |  |  | |  | |  | |
| - ordinary shares | 1 | 681,480 |  | 681,480 |  | 681,480 | |  | | 681,480 | |
| Issue of new shares | 1 | 1,003,600 |  | 1,003,600 |  | - | |  | | - | |
| **At 31 December** |  |  |  |  |  |  | |  | |  | |
| **- ordinary shares** |  | **1,685,080** |  | **1,685,080** |  | **681,480** | |  | | **681,480** | |

***Reduction of shares and issue of new shares***

On 13 December 2017, the extraordinary shareholders’ meeting of the Company approved the reduction of the authorised share capital from Baht 749.6 million (749,607,657 shares at Baht 1 par value) to Baht 681.5 million (681,479,688 shares at Baht 1 par value) in order to reduce the authorised share capital that not yet been issued amounting to 68,127,969 shares at Baht 1 par value. Moreover, the meeting also approved to increase the authorised share capital from Baht 681.5 million (681,479,688 shares at Baht 1 par value) to Baht 1,881.5 million (1,881,479,688 shares at Baht 1 par value) by issuance of 1,200,000,000 ordinary shares at Baht 1 par value as private placement to Thai Rubber Latex Group Co., Ltd. in consideration of the entire business transfer which was paid-up capital of Baht 1,003.6 million. The Company registered the reduction of share capital and increase its authorised share capital with the Ministry of Commerce on   
27 December 2017 and 28 December 2017, respectively.

***Share premium***

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

1. **Reserves**

Reserves comprise:

***Appropriations of profit and/or retained earnings***

**Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

***Difference from business combination under common control***

Difference on common control transactions arising within equity represents the difference of the book values of certain entities or business under common control under their cost as of the date of their acquisitions. The reserve is non-distributable and will be retained until the respective business are sold or otherwise disposed of.

***Other components of equity***

**Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company’s net investment in a foreign operation.

**Valuation surplus**

The valuation surplus account within equity comprises the cumulative net change in the valuation of land, building and machinery included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of. Valuation surplus of building and machinery is amortised using the straight-line method according to its remaining useful life and transferred directly to retained earnings.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 1,331,667 |  | 694,870 |  | 163,451 |  | 107,787 |
| Revaluation of land, building and  machinery, net of income tax |  | 48,495 |  | 700,298 |  | - |  | 63,902 |
| Reversal of revaluation surplus of land  and building which transferred to  investment properties, net of income tax |  | - |  | (12,167) |  | - |  | - |
| Amortisation |  | (62,430) |  | (44,301) |  | (8,352) |  | (8,238) |
| Disposals, net of income tax |  | (2,218) |  | (7,033) |  | - |  | - |
| Revaluation surplus on assets acquisition from entire business transfer | *3* | - |  | - |  | 397,600 |  | - |
| **At 31 December** |  | **1,315,514** |  | **1,331,667** |  | **552,699** |  | **163,451** |

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

1. **Segments information**

The Group’s has four reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the principal reportable segments, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s principal reportable segments.

* Segment 1 Concentrated and prevulcanized latex
* Segment 2 Block rubber
* Segment 3 Latex products
* Segment 4 Rubber plantation

There are varying levels of integration between the Segment 1, Segment 2, Segment 3, and Segment 4 reportable segments. This integration includes sales of finished goods and fixed assets. Inter-segment pricing is determined on an arm’s length basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group’s CODM. Segment profit (loss) before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

## ***Information about reportable segments***

|  | Concentrated and | | |  |  | | |  |  | | | | |  |  | | |  |  | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | prevulcanized latex | | |  | Block rubber (\*) | | |  | Latex products | | | | |  | Rubber plantation | | |  | Total | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |  | 2017 | |  | | 2016 |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in million Baht)* | | | | | | | | | | | | | | | | | | | | |
| External revenue | 6,940 |  | 5,573 |  | - |  | 317 |  | 2,482 |  | | 1,833 | |  | 5 |  | 13 |  | 9,427 |  | 7,736 |
| Inter-segment revenue | 3,062 |  | 2,352 |  | - |  | 25 |  | - |  | | - | |  | 51 |  | 107 |  | 3,113 |  | 2,484 |
| Total segment revenue | **10,002** |  | **7,925** |  | **-** |  | **342** |  | **2,482** |  | | **1,833** | |  | **56** |  | **120** |  | **12,540** |  | **10,220** |
| Interest income | 105 |  | 106 |  | 1 |  | - |  | - |  | | - | |  | - |  | - |  | 106 |  | 106 |
| Interest expense | (210) |  | (187) |  | - |  | (10) |  | (29) |  | | (26) | |  | (41) |  | (35) |  | (280) |  | (258) |
| Depreciation and amortisation | (118) |  | (82) |  | (4) |  | (9) |  | (79) |  | | (82) | |  | (11) |  | (15) |  | (212) |  | (188) |
| Segment profit (loss)  before income tax | 155 |  | (107) |  | 3 |  | 34 |  | 134 |  | | 57 | |  | (63) |  | (84) |  | 229 |  | (100) |
| Share of profit (loss) of investment in associates | - |  | - |  | - |  | - |  | - |  | | - | |  | - |  | (1) |  | - |  | (1) |
|  |  |  |  |  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Significant income and expenses |  |  |  |  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| - Selling-related expenses | (180) |  | (194) |  | - |  | (11) |  | (21) |  | | (23) | |  | - |  | (9) |  | (201) |  | (237) |
| - Personnel-related expenses | (251) |  | (224) |  | - |  | (6) |  | (208) |  | | (172) | |  | (37) |  | (26) |  | (496) |  | (428) |
|  |  |  |  |  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Investment in equity securities | 100 |  | - |  | - |  | - |  | - |  | | - | |  | 30 |  | 30 |  | 130 |  | 30 |
| Capital expenditure | 165 |  | 186 |  | - |  | - |  | 112 |  | | 257 | |  | 43 |  | 56 |  | 320 |  | 499 |
|  |  |  |  |  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Reportable segment assets  at 31 December | 3,445 |  | 3,118 |  | 215 |  | 219 |  | 2,195 |  | | 1,922 | |  | 2,153 |  | 2,311 |  | 8,008 |  | 7,570 |
| Reportable segment liabilities as  at 31 December | 4,342 |  | 4,205 |  | 3 |  | 3 |  | 1,088 |  | | 969 | |  | 136 |  | 180 |  | 5,569 |  | 5,357 |
|  |  |  |  |  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |

(\*) Thai Rubber HPNR Co., Ltd., a subsidiary, sold its property, plant, and equipment for block rubber to a local company during 2016 and changed its business structure to distribution of STR and compound rubber.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items.

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2017 |  | 2016 |
|  | *(in million Baht)* | | |
| **Revenues** |  |  |  |
| Total revenue from reportable segments | 12,540 |  | 10,220 |
| Other revenue | 408 |  | 217 |
|  | **12,948** |  | **10,437** |
| Elimination of inter-segment revenues | (3,480) |  | (2,584) |
| Consolidated revenue | **9,468** |  | **7,853** |
|  |  |  |  |
| **Profit or loss** |  |  |  |
| Total profit (loss) before income tax for reportable segments | 478 |  | (112) |
| Elimination of inter-segment profits | (249) |  | 12 |
| Consolidated profit (loss) before income tax | **229** |  | **(100)** |
|  |  |  |  |
| Assets |  |  |  |
| Total assets for reportable segments | 12,715 |  | 12,989 |
| Elimination of inter-segment assets | (4,707) |  | (5,419) |
| **Consolidated total assets** | **8,008** |  | **7,570** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| Total liabilities for reportable segments | 7,343 |  | 8,862 |
| Elimination of inter-segment liabilities | (1,774) |  | (3,505) |
| **Consolidated total liabilities** | **5,569** |  | **5,357** |

| **Other material items** | Reportable segment  totals |  | Adjustments |  | Consolidated totals |
| --- | --- | --- | --- | --- | --- |
|  | *(in million Baht)* | | | | |
| **2017** |  |  |  |  |  |
| Interest income | 106 |  | (105) |  | 1 |
| Interest expense | 280 |  | (105) |  | 175 |
| Capital expenditure | 320 |  | - |  | 320 |
| Depreciation and amortisation | 212 |  | (1) |  | 211 |
|  |  |  |  |  |  |
| **2016** |  |  |  |  |  |
| Interest income | 106 |  | (104) |  | 2 |
| Interest expense | 258 |  | (104) |  | 154 |
| Capital expenditure | 499 |  | (5) |  | 494 |
| Depreciation and amortisation | 188 |  | (2) |  | 186 |

***Geographical segments***

Segment 1, 2, 3 and 4 are managed on a worldwide basis but operate manufacturing facilities and sales offices in Thailand, the People’s Republic of China (“PRC”) and the Republic of Union of Myanmar (“Myanmar”).

In presenting geographical information on the basis, segment revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

***Geographical information***

|  | Revenues | | |  | Non-current assets | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in million Baht)* | | | | | | |
| Thailand | 8,248 |  | 6,716 |  | 5,113 |  | 5,018 |
| Myanmar | 6 |  | 5 |  | 103 |  | 110 |
| PRC | 1,214 |  | 1,132 |  | 1 |  | 2 |
| Investments in equity - accounted investees | - |  | - |  | 132 |  | 32 |
| **Total** | **9,468** |  | **7,853** |  | **5,349** |  | **5,162** |

1. **Other income**

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| Gain on of fair value adjustment in  investment properties | *14* | 8,890 |  | 42,484 |  | - |  | 42,516 |
| Gain on foreign exchange |  | 8,551 |  | 1,506 |  | 48 |  | - |
| Interest income |  | 692 |  | 1,765 |  | 55,873 |  | 54,550 |
| Gain on sale of fixed assets | *15* | - |  | 29,143 |  | - |  | 100 |
| Reversal of impairment on assets | *15* | - |  | 12,018 |  | - |  | - |
| Dividend income | *5* | - |  | 535 |  | 231,971 |  | 7,186 |
| Others |  | 22,849 |  | 29,623 |  | 12,870 |  | 9,012 |
| **Total** |  | **40,982** |  | **117,074** |  | **300,762** |  | **113,364** |

1. **Distribution costs**

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| Distribution expense |  | 208,908 |  | 243,551 |  | 29,221 |  | 24,069 |
| Latex gardener support expense |  | 72,351 |  | 51,091 |  | 15,423 |  | 6,187 |
| Marketing expense - Commission |  | 39,857 |  | 30,283 |  | 7,281 |  | 6,337 |
| Others |  | 11,273 |  | 7,841 |  | 592 |  | 116 |
| **Total** |  | **332,389** |  | **332,766** |  | **52,517** |  | **36,709** |

1. **Administrative expenses**

|  |  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  |  | *(in thousand Baht)* | | | | | | |
| Personnel expenses |  |  | 174,970 |  | 154,325 |  | 24,283 |  | 27,066 |
| Depreciation |  |  | 62,820 |  | 55,886 |  | 4,400 |  | 3,017 |
| Travelling expense |  |  | 19,868 |  | 19,125 |  | 3,417 |  | 3,655 |
| Office expense |  |  | 15,611 |  | 17,716 |  | 3,838 |  | 4,167 |
| Professional fees |  |  | 13,259 |  | 13,269 |  | 6,427 |  | 5,585 |
| Custom duty and other taxes |  |  | 4,115 |  | 15,141 |  | 929 |  | 11,231 |
| Bad and doubtful debts expense |  |  | - |  | 2,598 |  | - |  | - |
| Others |  |  | 32,399 |  | 47,745 |  | 4,929 |  | 10,199 |
| **Total** |  |  | **323,042** |  | **325,805** |  | **48,223** |  | **64,920** |

1. **Other expenses**

|  |  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  |  | *(in thousand Baht)* | | | | | | |
| Net loss on sale of fixed asset |  | *15* | 8,130 |  | - |  | 11 |  | - |
| Net loss on future rubber contract |  |  | 236 |  | 24,277 |  | 236 |  | - |
| Impairment loss on assets |  | *15* | - |  | - |  | - |  | 3,824 |
| Net loss on foreign exchange |  |  | - |  | - |  | - |  | 124 |
| Loss on fair value adjustment in investment properties |  | *14* | - |  | - |  | 2,640 |  | - |
| **Total** |  |  | **8,366** |  | **24,277** |  | **2,887** |  | **3,948** |

1. **Employee benefit expenses**

|  |  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  |  | *(in thousand Baht)* | | | | | | |
| Salary, wage and overtime expense |  |  | 368,726 |  | 322,354 |  | 31,172 |  | 27,814 |
| Others |  |  | 114,780 |  | 106,042 |  | 4,924 |  | 6,967 |
| **Total** |  |  | **483,506** |  | **428,396** |  | **36,096** |  | **34,781** |

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Group at rates ranging from 5% of the employees’ basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed fund manager.

1. **Expenses by nature**

The statements of income include an analysis of expenses by function. Significant expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  |  | **financial statements** | | |  | **financial statements** | | |
|  |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| Change in finished goods and work   in process |  | (192,228) |  | (51,860) |  | (222,564) |  | 35,888 |
| Raw materials and supplies used |  | 5,854,402 |  | 3,321,320 |  | 512,560 |  | 277,060 |
| Purchase of finished goods |  | 1,954,603 |  | 3,145,386 |  | 2,369,287 |  | 1,680,690 |
| Depreciation on building  and equipment |  | 207,605 |  | 181,001 |  | 16,393 |  | 18,313 |
| **Employee benefit expenses** |  | 483,506 |  | 428,396 |  | 36,096 |  | 34,781 |

1. **Finance costs**

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| ***Interest expense:*** |  |  |  |  |  |  |  |  |
| Subsidiaries | *5* | - |  | - |  | 49,935 |  | 50,785 |
| Associate | *5* | 294 |  | 321 |  | - |  | - |
| Related parties | *5* | - |  | 158 |  | - |  | 158 |
| Bank loans and overdrafts |  | 189,595 |  | 169,291 |  | 48,216 |  | 46,272 |
| **Total interest expense** |  | **189,889** |  | **169,770** |  | **98,151** |  | **97,215** |
| Other finance costs |  | 6,340 |  | 6,798 |  | 1,796 |  | 612 |
|  |  | **196,229** |  | **176,568** |  | **99,947** |  | **97,827** |
| *Less:* amounts included in the cost of |  |  |  |  |  |  |  |  |
| qualifying assets: |  |  |  |  |  |  |  |  |
| - Property, plant and equipment under  construction | *15* | (7,146) |  | (4,754) |  | - |  | - |
| - Rubber plantation development costs | *20* | (14,210) |  | (17,635) |  | - |  | - |
| **Net** |  | **174,873** |  | **154,179** |  | **99,947** |  | **97,827** |

1. **Income tax expense**

***Income tax recognised in profit or loss***

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in thousand Baht)* | | | | | | |
| **Current tax expense** |  |  |  |  |  |  |  |  |
| Current year |  | 20,854 |  | 14,820 |  | - |  | - |
| **Deferred tax expense** | *21* |  |  |  |  |  |  |  |
| Movements in temporary differences |  | 13,406 |  | 27,208 |  | 3,654 |  | 8,136 |
| **Total income tax expense** |  | **34,260** |  | **42,028** |  | **3,654** |  | **8,136** |

***Reconciliation of effective tax rate***

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2017 | | |  | 2016 | | |
|  | *Rate*  *(%)* |  | *(in thousand Baht)* |  | *Rate*  *(%)* |  | *(in thousand Baht)* |
| Profit (loss) before income tax expense |  |  | 228,635 |  |  |  | (100,439) |
| Income tax using the Thai corporation tax rate | 20 |  | 45,727 |  | 20 |  | (20,088) |
| Effect of different tax rates in foreign jurisdictions |  |  | 2,178 |  |  |  | 4,740 |
| Income not subject to tax |  |  | (15,657) |  |  |  | (6,458) |
| Expenses not deductible for tax purposes |  |  | 1,230 |  |  |  | 4,344 |
| Utilisation of previously unrecognised tax losses |  |  | (23,526) |  |  |  | - |
| Current year losses for which no deferred tax  assets was recognised |  |  | 14,575 |  |  |  | 40,894 |
| Written-off unrecoverable deferred tax assets from  loss carry forward |  |  | 9,450 |  |  |  | 20,394 |
| Others |  |  | 283 |  |  |  | (1,798) |
| **Total** |  |  | **34,260** |  |  |  | **42,028** |

|  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2017 | | |  | 2016 | | |
|  | *Rate*  *(%)* |  | *(in thousand Baht)* |  | *Rate*  *(%)* |  | *(in thousand Baht)* |
| Profit before income tax expense |  |  | 250,080 |  |  |  | 18,933 |
| Income tax using the Thai corporation tax rate | 20 |  | 50,016 |  | 20 |  | 3,787 |
| Income not subject to tax |  |  | (46,394) |  |  |  | (1,437) |
| Expenses not deductible for tax purposes |  |  | 342 |  |  |  | 922 |
| Current year losses for which no deferred tax |  |  |  |  |  |  |  |
| assets was recognised |  |  | - |  |  |  | 4,466 |
| Others |  |  | (310) |  |  |  | 398 |
| **Total** |  |  | **3,654** |  |  |  | **8,136** |

*Income tax reduction*

Royal Decree No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begins on or after 1 January 2016.

1. **Promotional privileges**

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to latex concentrate, skim crepes, skim blocks, and rubber related products. The privileges granted include:

(a) Exemption from payment of import duty on machinery approved by the Board of investment

(b) Exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations

(c) A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above and;

(d) A deduction for a period of ten years of an amount equal to 5% of the increase in income of certain promoted operations over the income from those operations for the previous year.

As promoted companies, the subsidiaries in Thailand must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | |
|  | 2017 | | | | |  | 2016 | | | | |
|  | Promoted  businesses |  | Non-promoted businesses |  | Total |  | Promoted  businesses |  | Non-promoted businesses |  | Total |
|  | *(in million Baht)* | | | | | | | | | | |
| Export sales | 1,234 |  | 4,821 |  | 6,055 |  | 749 |  | 4,369 |  | 5,118 |
| Local sales | 406 |  | 2,966 |  | 3,372 |  | 177 |  | 2,441 |  | 2,618 |
| **Total revenue** | **1,640** |  | **7,787** |  | **9,427** |  | **926** |  | **6,810** |  | **7,736** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | | | |
|  | 2017 | | | | |  | 2016 | | | | | | |
|  | Promoted  businesses |  | Non-promoted businesses |  | Total |  | Promoted  businesses |  | Non-promoted businesses | |  | Total | |
|  | *(in million Baht)* | | | | | | | | | | | | |
| Export sales | - |  | 545 |  | 545 |  | - |  | | 317 |  | | 317 |
| Local sales | - |  | 2,310 |  | 2,310 |  | - |  | | 1,826 |  | | 1,826 |
| **Total revenue** | **-** |  | **2,855** |  | **2,855** |  | **-** |  | | **2,143** |  | | **2,143** |

1. **Earnings (loss) per share**

The calculation of basic earnings (loss) per share for the years ended 31 December 2017 and 2016 were based on the profit or loss for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  | *(in thousand Baht/thousand shares)* | | | | | | |
| **Profit (loss) attributable to ordinary**  **shareholders of the Company** | **144,406** |  | **(168,083)** |  | **246,426** |  | **10,797** |
| Number of issued shares at  31 December | 1,685,080 |  | 681,480 |  | 1,685,080 |  | 681,480 |
| **Weighted average number of   ordinary shares outstanding** | **681,480** |  | **681,480** |  | **681,480** |  | **681,480** |
| **Basic earnings (loss) per share *(in Baht)*** | **0.21** |  | **(0.25)** |  | **0.36** |  | **0.02** |

The increasing number of share capital from business restructuring in 2017 is not entitled to vote in shareholders’ meeting and is not able to receive any dividends. Therefore, the new issued and paid-up shares capital amounting to 1,003.6 million shares are not included in the calculation of earnings per share of the Company. The earning per share of the Company is calculated from remaining number of ordinary shares (681,479,688 shares).

1. **Financial instruments**

***Financial risk management policies***

The Group/Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group/Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group/Company. The Group/Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group’s/Company’s risk management process to ensure that an appropriate balance between risk and control is achieved.

***Capital management***

The Board of Directors’ policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders’ equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group’s/Company’s operations and its cash flows. The Group/Company is primarily exposed to interest rate risk from its borrowings (*see note 22*). The Group/Company mitigates this risk by reviewing the interest rates in each period.

The effective interest rates of loan to related and other parties as at 31 December and the periods in which the loans to other parties mature or re-price were as follows:

|  | | | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Effective  interest  rate |  | Within 1 year |  | After 1 year but within 5 years |  | After 5 years |  | Total |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2016*** |  |  |  |  |  |  |  |  |  |
| **Current** |  |  |  |  |  |  |  |  |  |
| Loans to other parties | MOR+1 |  | 16,793 |  | 400 |  | - |  | 17,193 |
| **Total** |  |  | **16,793** |  | **400** |  | **-** |  | **17,193** |

|  | | | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Effective  interest  rate |  | Within  1 year |  | After 1 year but within 5 years |  | After 5 years |  | Total |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2017*** |  |  |  |  |  |  |  |  |  |
| **Current** |  |  |  |  |  |  |  |  |  |
| Loans to related parties | 3.9 |  | 1,447,203 |  | - |  | - |  | 1,447,203 |
| **Total** |  |  | **1,447,203** |  | **-** |  | **-** |  | **1,447,203** |
|  |  |  |  |  |  |  |  |  |  |
| ***2016*** |  |  |  |  |  |  |  |  |  |
| **Current** |  |  |  |  |  |  |  |  |  |
| Loans to related parties | 3.9 |  | 1,390,303 |  | - |  | - |  | 1,390,303 |
| Loans to other parties | MOR+1 and 6 - 12 |  | 13,486 |  | 400 |  | - |  | 13,886 |
| **Total** |  |  | **1,403,789** |  | **400** |  | **-** |  | **1,404,189** |

## The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

|  | | | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Effective  interest  rate |  | Within  1 year |  | After 1 year but within 5 years |  | After 5 years |  | Total |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2017*** |  |  |  |  |  |  |  |  |  |
| **Current** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts and short-term borrowings from financial institutions | 3.1 - 7.4 |  | 3,402,761 |  | - |  | - |  | 3,402,761 |
| Loans from related party | 4.0 |  | 8,000 |  | - |  | - |  | 8,000 |
|  |  |  |  |  |  |  |  |  |  |
| **Non-current** |  |  |  |  |  |  |  |  |  |
| Loans from financial  institutions | MLR-2 |  | 108,750 |  | 1,123,750 |  | - |  | 1,232,500 |
| Finance lease liabilities | 4.4 - 6.5 |  | 74,805 |  | 90,643 |  | - |  | 165,448 |
| **Total** |  |  | **3,594,316** |  | **1,214,393** |  | **-** |  | **4,808,709** |
|  |  |  |  | | | | | | |
| ***2016*** |  |  |  |  |  |  |  |  |  |
| **Current** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts and short-term borrowings from financial institutions | 2.9 - 7.4 |  | 3,449,149 |  | - |  | - |  | 3,449,149 |
| Loans from related party | 4.0 |  | 8,000 |  | - |  | - |  | 8,000 |
|  |  |  |  |  |  |  |  |  |  |
| **Non-current** |  |  |  |  |  |  |  |  |  |
| Loans from financial  institutions | MLR-2 |  | 65,000 |  | 1,010,000 |  | - |  | 1,075,000 |
| Finance lease liabilities | 5.1 - 6.5 |  | 64,410 |  | 86,935 |  | - |  | 151,345 |
| **Total** |  |  | **3,586,559** |  | **1,096,935** |  | **-** |  | **4,683,494** |

|  | | | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Effective  interest  rate |  | Within  1 year |  | After 1 year but within 5 years |  | After 5 years |  | Total |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2017*** |  |  |  |  |  |  |  |  |  |
| **Current** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts and  short-term borrowings  from financial institutions | 3.1 - 7.4 |  | 2,907,325 |  | - |  | - |  | 2,907,325 |
| Loans from related party | 3.9 |  | 32,000 |  | - |  | - |  | 32,000 |
| **Non-current** |  |  |  |  |  |  |  |  |  |
| Loans from financial  institutions | MLR-2 |  | 58,750 |  | 898,750 |  | - |  | 957,500 |
| Finance lease liabilities | 4.4 - 6.5 |  | 73,160 |  | 86,827 |  | - |  | 159,987 |
| **Total** |  |  | **3,071,235** |  | **985,577** |  | **-** |  | **4,056,812** |
|  |  |  |  |  |  |  |  |  |  |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2016*** |  |  |  |  |  |  |  |  |  |
| **Current** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts and  short-term borrowings  from financial institutions | 3.1 - 7.4 |  | 863,207 |  | - |  | - |  | 863,207 |
| Loans from related parties | 3.8 - 3.9 |  | 1,349,300 |  | - |  | - |  | 1,349,300 |
| **Non-current** |  |  |  |  |  |  |  |  |  |
| Loans from financial  institutions | MLR-2 |  | 12,000 |  | 255,000 |  | - |  | 267,000 |
| Finance lease liabilities | 5.1 |  | 9,078 |  | 12,974 |  | - |  | 22,052 |
| **Total** |  |  | **2,233,585** |  | **267,974** |  | **-** |  | **2,501,559** |

## *Foreign currency risk*

The Group/Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group/Company primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

|  |  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
| ***United States Dollars*** |  |  | *(in million Baht)* | | | | | | |
| Trade accounts receivable |  |  | 565 |  | 423 |  | 321 |  | 23 |
| Other current receivables |  |  | - |  | - |  | 5 |  | 2 |
| Trade accounts payable |  |  | (23) |  | (16) |  | - |  | (1) |
| Other current payables |  |  | (19) |  | (44) |  | (11) |  | (1) |
|  | | |  |  |  |  |  |  |  |
| ***Malaysian Ringgit*** | | |  |  |  |  |  |  |  |
| Trade accounts receivable | | | 14 |  | 65 |  | 14 |  | - |
|  | | |  |  |  |  |  |  |  |
| ***Myanmar Kyat*** | | |  |  |  |  |  |  |  |
| Cash and cash equivalents | | | 5 |  | 13 |  | - |  | - |
| Other current receivables | | | 10 |  | 2 |  | - |  | - |
| Trade accounts payable | | | (5) |  | (7) |  | - |  | - |
|  | | |  |  |  |  |  |  |  |
| ***Chinese Yuan*** | | |  |  |  |  |  |  |  |
| Cash and cash equivalents | | | 59 |  | 49 |  | - |  | - |
| Trade accounts receivable | | | 15 |  | - |  | - |  | - |
| Other current receivables | | | - |  | 3 |  | - |  | - |
| Trade accounts payable | | | (6) |  | - |  | - |  | - |
| **Gross balance sheet exposure** | | | **615** |  | **488** |  | **329** |  | **23** |

## *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group’s customer base, Management does not anticipate material losses from its debt collection.

## *Liquidity risk*

The Group/Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s/Company’s operations and to mitigate the effects of fluctuations in cash flows.

## *Carrying amount and fair values*

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

|  |  |  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount |  | Fair value | | | | | | |
|  |  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| **31 December 2017** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Forward exchange contract | - |  | - |  | 9,657 |  | - |  | 9,657 |
|  |  |  |  |  |  |  |  |  |  |
| **31 December 2016** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Forward exchange contract | - |  | - |  | (5,794) |  | - |  | (5,794) |

As at 31 December 2017 and 2016, the fair value of non-financial assets and liabilities do not differ significantly from amounts recorded in the statement of financial position.

**Measurement of fair value**

The Group/Company determines Level 2 fair values for non-derivative financial assets and liabilities using a discounted cash flow technique, which uses contractual cash flows and a market-related discounted rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group/Company and counterparty when appropriate.

1. **Commitments with non-related parties**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  |  | **financial statements** | | |  | **financial statements** | | |
|  |  | 2017 |  | 2016 |  | 2017 |  | 2016 |
|  |  | *(in million Baht)* | | | | | | |
| ***Capital commitments*** |  |  |  |  |  |  |  |  |
| *Contracted but not provided for*: |  |  |  |  |  |  |  |  |
| Machinery, buildings and construction in progress |  | 42 |  | 90 |  | 4 |  | - |
| **Total** |  | **42** |  | **90** |  | **4** |  | **-** |
|  |  |  |  |  |  |  |  |  |
| ***Non-cancellable operating lease commitments:*** |  |  |  |  |  |  |  |  |
| Within 1 year |  | 12 |  | 7 |  | - |  | - |
| More than one year but not over 5 years |  | 6 |  | 1 |  | - |  | - |
| **Total** |  | **18** |  | **8** |  | **-** |  | **-** |
| ***Other commitments:*** |  |  |  |  |  |  |  |  |
| Bank guarantees |  | 14 |  | 26 |  | 10 |  | 5 |
| Forward exchange contract - buy |  | - |  | 21 |  | - |  | 9 |
| Forward exchange contract - sell |  | 468 |  | 663 |  | 13 |  | 44 |
| Rubber future - net |  | - |  | 32 |  | - |  | 32 |
| **Total** |  | **482** |  | **742** |  | **23** |  | **90** |

As at 31 December 2017 and 2016, the Group and the Company had the following commitments:

* + - The Group has entered into forward exchange contracts to sell USD 14.2 million *(2016: USD 18.7 million)* at the forward rate of Baht 32.5 - 34.1 per USD *(2016: 34.6 - 35.7 Baht per USD*). These contracts are due between 5 January 2018 to 4 January 2019 *(2016: 12 January 2017 to 19 June 2017)*. The Company has entered into forward exchange contracts to sell USD 0.4 million at the forward rate of Baht 32.6 - 33.2 per USD *(2016: 35.7 - 36.0 Baht per USD)*. These contracts are due between 23 February 2018 to 20 June 2018 *(2016: 10 April 2017 to 19 June 2017)*.
    - As at 31 December 2017, the Group and the Company has no forward exchange contract to buy *(2016: the Group has entered into forward exchange contracts to buy USD 0.6 million at the forward rate of Baht 35.7 - 36.0 per USD. The contracts are due on 12 April 2017 to 3 July 2017. The Company has entered into forward exchange contracts to buy USD 0.2 million at the forward rate of Baht 35.7 - 36.0 per USD. These contracts are due between 12 April 2017 to 3 July 2017)*.
    - Commitments in respect of uncalled portion of investments of Baht 100 million *(2016: Baht 467.3 million).*
    - The Company had outstanding commitments of approximately Baht 0.1 million *(2016: Baht 0.8 million)* in respect of the rental of space for storage of latex.
    - The Group and the Company had outstanding commitments of approximately Baht 42.4 million and Baht 3.6 million, respectively *(2016: the Group had Baht 89.6 million)*, in respect of construction and installation contract of machinery and tools.
    - A subsidiary had outstanding commitments of approximately Baht 17.5 million *(2016: Baht 5.1 million)*, in respect of factory, warehouse, office rental and the house rental for staff.
    - A subsidiary entered into a service agreement with a legal consultant of the Company in respect of land purchase for rubber plantation in the northern area, whereby service fees will be charged at the rates stipulated in the agreement.
    - The Company entered into purchase agreements with a local company to purchase latex, at quantity and price specified in the agreements.
    - A subsidiary entered into an agreement with a group of para rubber planter state enterprises in respect of the distribution of benefits from the harvesting of the field latex as stipulated in the agreement which is for a period of 35 years or until the end of the useful life of the para rubber trees.

In 2010, the subsidiary amended the agreement with a group of para rubber planter state enterprises in respect of the distribution of benefits from the harvesting of the field latex, whereby it is obliged to provide loans in amounts of not more than Baht 20,000 per rai, plus interest at a rate of 8 percent per year. The loan principal and interest are repayable within 10 years from the contract date. The Company has to pay the first installment when the para rubber trees provide latex.

* + - A subsidiary has outstanding commitments in respect of agreements for issuing of land title deeds with total area of 1,500 rais. The subsidiary is committed to pay commission to the operator at Baht 5,650 per rai.
    - A subsidiary had registered with the People's Republic of China to set up a corporate office for a period of 20 years from 9 January 2006 to 8 January 2026.

**Bank guarantees**

As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 14 million *(2016: Baht 26 million)* issued by the banks on behalf of the Group and the Company, respectively, in respect of certain performances bonds as required in the normal course of their businesses.

1. **Events after the reporting period**

On 23 February 2018, the board of directors proposed for the dividend payment of Baht 0.04 per share, amounting to Baht 27.3 million. This dividend payment is subject to the approval by the shareholders of the Company.