Note Contents

1. General information
2. Basis of preparation of the interim financial statements
3. Related parties
4. Trade accounts receivable
5. Investments in associates
6. Investments in subsidiaries
7. Property, plant and equipment
8. Changes in liabilities arising from financing activities
9. Non-current provisions for employee benefits
10. Segments information and disaggregation of revenue
11. Earnings (loss) per share
12. Dividends
13. Financial instruments
14. Commitments with non-related parties
15. Thai Financial Reporting Standards (TFRS) not yet adopted

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 13 August 2019.

1. **General information**

At the annual general meeting of the shareholders of the Company held on 26 April 2019, the Company’s shareholders approved to change the Company’s name from “Thai Rubber Latex Corporation (Thailand) Public Company Limited” to “Thai Rubber Latex Group Public Company Limited”. The Company has registered the change of name with the Ministry of Commerce on 4 July 2019. The Company started using the new name for the condensed interim financial statements for the three-month and six-month periods ended 30 June 2019 onward.

The principal activities of the Group are comprehensive rubber businesses covering the whole value chain of rubber and latex products, which are the rubber plantation in Thailand, the producer and distributor of latex concentrate and latex rubber, latex rubber thread, and latex foam mattress.

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

The condensed interim primary financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting,* guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

1. ***Use of judgements, estimates and accounting policies***

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group’s/Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018, except for revenue recognition which requires additional judgement in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which the Group/Company has initially adopted to replace TAS 18 *Revenue* (“TAS 18”).

Under TFRS 15, the Group/Company recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group/Company expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group/Company recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

In addition, the Group/Company has not early adopted a number of new TFRSs which are not yet effective for the current period in preparing these interim financial statements. Those new TFRS that are relevant to the Group’s/Company’s operations are disclosed in note 15.

1. ***Use of going concern basis of accounting***

Due to the significant fluctuate of latex price in the current period, as at 30 June 2019, the Group’s current liabilities exceeded current assets by Baht 1,692 million (*31 December* *2018: Baht 1,546 million*) and incurred loss of Baht 81 million for the six-month period then ended. Such circumstances indicate the existence of an uncertainty which may cast significant doubt about the Group’s ability to continue as a going. However, as at 30 June 2019, the Group has available credit facilities in place *(see note 3)*.

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 production capacity in certain businesses, restructure of financing plan and Group’s businesses, raising funds of its subsidiary from other parties and sales of the non-performing assets.

The consolidated and separate financial statements have been prepared by Group and Company management on the going concern basis on the assumption that such further capital and facilities are secured to the extent that the Group’s operations and the Company’s operations require. Accordingly, the consolidated and separate financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classifications of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern.

1. **Related parties**

Relationships with subsidiaries and associates are described in notes 5 and 6. There are no related parties which have material changes in relationships and that the Group/Company had significant transactions during the period.

Significant transactions for the three-month and six-month periods ended 30 June with related parties were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| ***Three-month period ended 30 June*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | - | - | - |  | 319,744 |  | 213,915 |
| Purchases of goods/raw materials | - |  | - |  | 14,675 |  | 26,466 |
| Interest income | - |  | - |  | - |  | 13,934 |
| Interest expense | - |  | - |  | 457 |  | 360 |
| Dividend income | - |  | - |  | - |  | 5,055 |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| ***Three-month period ended 30 June*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Associate** |  |  |  |  |  |  |  |
| Dividend income | - |  | 536 |  | - |  | - |
| Purchases of raw materials | 1,894 |  | 386 |  | 1,894 |  | 386 |
| Interest expense | 45 |  | 80 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation | 8,170 |  | 8,024 |  | 8,170 |  | 8,024 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | 51 |  | 13,785 |  | - |  | 13,785 |
| Purchase of goods/raw materials | 1,429 |  | 2,712 |  | 1,429 |  | 2,706 |
| Rental income | - |  | 855 |  | - |  | 855 |
| Other income | - |  | 234 |  | - |  | - |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Six-month period ended 30 June*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | - |  | - |  | 672,202 |  | 536,825 |
| Purchases of goods/raw materials | - |  | - |  | 31,367 |  | 64,044 |
| Interest income | - |  | - |  | 66 |  | 27,742 |
| Interest expense | - |  | - |  | 909 |  | 693 |
| Dividend income | - |  | - |  | - |  | 20,624 |
|  |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Dividend income | - |  | 536 |  | - |  | - |
| Purchases of raw materials | 2,241 |  | 861 |  | 2,241 |  | 861 |
| Interest expense | 89 |  | 159 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation | 16,341 |  | 16,141 |  | 16,341 |  | 16,141 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | 82 |  | 27,067 |  | - |  | 27,067 |
| Purchase of raw materials | 2,099 |  | 4,147 |  | 2,099 |  | 4,129 |
| Rental income | - |  | 1,110 |  | - |  | 1,110 |
| Other income | - |  | 240 |  | - |  | - |

Balances as at 30 June 2019 and 31 December 2018 with related parties were as follows:

|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30  June |  | 31 December |  | 30  June |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts receivable - related parties*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 214,332 |  | 230,560 |
| **Total** | **-** |  | **-** |  | **214,332** |  | **230,560** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| ***Other receivables - related parties*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 27,356 |  | 27,426 |
| Associate | 1 |  | 1 |  | 1 |  | 1 |
| **Total** | **1** |  | **1** |  | **27,357** |  | **27,427** |
|  |  |  |  |  |  |  |  |

Movements during the six-month period ended 30 June 2019 of short-term loans to related parties were as follows:

|  | **Interest rate** | | |  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 31 December 2018 |  | 30  June  2019 |  | 31 December 2018 |  | Increase |  | Decrease |  | 30  June  2019 |
|  | *(% per annum)* | | |  | *(in thousand Baht)* | | | | | | |
| Subsidiaries | - |  | - |  | 1,030,933 |  | - |  | (38,000) |  | 992,933 |
| **Total** |  |  |  |  | **1,030,933** |  |  |  |  |  | **992,933** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 30  June |  | 31  December |  | 30  June |  | 31  December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts payable - related parties*** |  | | | | | | |
| Subsidiaries | - |  | - |  | 1,245 |  | 8 |
| Associate | 876 |  | 931 |  | 876 |  | 931 |
| Other related parties | 1,044 |  | 1,074 |  | 1,044 |  | 1,074 |
| **Total** | **1,920** |  | **2,005** |  | **3,165** |  | **2,013** |
|  |  |  |  |  |  |  |  |
| ***Other payables - related parties*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 554 |  | 1,347 |
| **Total** | **-** |  | **-** |  | **554** |  | **1,347** |

Movements during the six-month period ended 30 June 2019 of short-term loans from related party were as follows:

|  | **Interest rate** | | |  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 31 December 2018 |  | 30  June  2019 |  | 31 December 2018 |  | Increase |  | Decrease |  | 30  June  2019 |
|  | *(% per annum)* | | |  | *(in thousand Baht)* | | | | | | |
| Associate | 4.0 |  | 4.0 |  | 4,500 |  | - |  | (200) |  | 4,300 |
| **Total** |  |  |  |  | **4,500** |  |  |  |  |  | **4,300** |

There was no movement of short-term loans from related party in the separate financial statements.

As at 30 June 2019, the Group has unutilised credit facilities at the total of Baht 1,892 million and USD 108 million (*31 December 2018: Baht 1,576 million and USD 99 million*) and utilised credit facilities at the total of Baht 4,766 million and USD 12 million (*31 December 2018: Baht 4,922 million and USD 23 million*), and the Company has issued letter of guarantee to banks to secure credit facilities granted by the banks to its subsidiaries totaling Baht 950 million and USD 10 million (*31 December* *2018: Baht 850 million and USD 25 million*).

1. **Trade accounts receivable**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 30  June |  | 31  December |  | 30  June |  | 31  December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Within credit term | 810,096 |  | 793,422 |  | 601,852 |  | 649,533 |
| Overdue: |  |  |  |  |  |  |  |
| Less than 3 months | 290,228 |  | 190,207 |  | 100,191 |  | 175,217 |
| 3 - 6 months | 23,989 |  | 1,818 |  | 53 |  | 24,762 |
| 6 - 12 months | 713 |  | - |  | 713 |  | - |
| Over 12 months | 133,531 |  | 135,155 |  | 133,531 |  | 133,795 |
| **Total** | **1,258,557** |  | **1,120,602** |  | **836,340** |  | **983,307** |
| *Less* allowance for doubtful accounts | (133,530) |  | (133,531) |  | (133,530) |  | (133,531) |
| **Net** | **1,125,027** |  | **987,071** |  | **702,810** |  | **849,776** |

The Group has overdue trade accounts receivable consist of 3 receivables of a subsidiary which as at 30 June 2019. The subsidiary’s management has not considered to provide allowance for doubtful accounts since it’s in dunning process and subsequently during July and August 2019, Baht 35.2 million has been collected from these three trade debtors which had aged over 1 - 6 months. The subsidiary’s management expects to receive the settlement of overdue debt. At present, its subsidiary still sells the goods to 2 of those 3 customers under the previously payment receiving conditions.

The normal credit term granted by the Group/Company ranges from 1 day to 90 days.

1. **Investments in associates**

Investments in associates as at 30 June 2019 and 31 December 2018 and dividend income from those investments for the six-month period ended 30 June were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | | | | | | | | | | | | | | | | | |
|  | Nature of business | Effective  ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Carrying amount based on equity method | | |  | Dividend income  for the six-month  period ended | | |
|  |  | 30  June |  | 31 December |  | 30  June |  | 31 December |  | 30  June |  | 31 December |  | 30  June |  | 31 December |  | 30  June |  | 30  June |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| **Associates** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Wang Somboon Rubber Estate Co., Ltd. | Planting of rubber | 48.4 |  | 48.4 |  | 55,300 |  | 55,300 |  | 30,101 |  | 30,101 |  | 30,699 |  | 30,982 |  | - |  | 536 |
| Rosener-Mautby Meditrade (Thailand) Ltd. | Production of latex examination gloves | 31.5 |  | 31.5 |  | 120,000 |  | 120,000 |  | 37,849 |  | 37,849 |  | - |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  | **67,950** |  | **67,950** |  | **30,699** |  | **30,982** |  | **-** |  | **536** |

All associates were incorporated in Thailand.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | |
|  | Effective | | |  |  | | |  |  | | |  |  | | |  |  | | |  | Dividend income  for the six-month | | |
|  | ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | period ended | | |
|  | 30  June |  | 31 December |  | 30  June |  | 31 December |  | 30  June |  | 31 December |  | 30  June |  | 31 December |  | 30  June |  | 31 December |  | 30  June |  | 30  June |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(%)* | | |  | *(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)** |  | - |  | **-** |  | **-** |  | **-** |

None of the Group/Company’s associates are publicly listed and consequently do not have published price quotations.

1. **Investments in subsidiaries**

Investments in subsidiaries as at 30 June 2019 and 31 December 2018 and dividend income from those investments for the six-month period ended 30 June were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidiaries | Nature of business | | Ownership interest | | | Paid-up capital | | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | | Dividend income  for the six-month period ended | | |
|  |  | | 30  June |  | 31 December | 30  June |  | 31  December | |  | 30  June |  | 31  December |  | 30  June |  | 31  December |  | 30  June |  | 31  December |  | | 30  June |  | 30  June |
|  |  | | 2019 |  | 2018 | 2019 |  | 2018 | |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | | 2019 |  | 2018 |
|  |  | | *(%)* | | | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | | | |
| **Direct subsidiaries** |  | |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |
| World Flex Public Company Limited | Production and  distribution of  rubber thread | | 100.00 |  | 100.00 | 308,000 |  | 308,000 | |  | 448,400 |  | 448,400 |  | - |  | - |  | 448,400 |  | 448,400 |  | | - |  | - |
| Thai Rubber Land and Plantation Co., Ltd. | Planting of rubber | | 100.00 |  | 100.00 | 800,000 |  | 800,000 | |  | 800,000 |  | 800,000 |  | - |  | - |  | 800,000 |  | 800,000 |  | | - |  | - |
| Thai Rubber H P N R Co., Ltd. | Distribution of  products from  natural rubber | | 100.00 |  | 100.00 | 500,000 |  | 500,000 | |  | 500,000 |  | 500,000 |  | - |  | - |  | 500,000 |  | 500,000 |  | | - |  | - |
| Latex Systems Public Company Limited | Production and  distribution of  foam latex  mattresses and  pillows | | 56.20 |  | 56.20 | 158,784 |  | 158,784 | |  | 54,310 |  | 54,310 |  | - |  | - |  | 54,310 |  | 54,310 |  | | - |  | 15,569 |
| Myanmar Thai Rubber Joint Corporation Limited | Production and  distribution of  products from  natural rubber | 64.00 | |  | 64.00 | 107,672 |  | 107,672 |  | | 68,910 |  | 68,910 |  | (39,180) |  | (39,180) |  | 29,730 |  | 29,730 | |  | - |  | - |
| Shanghai Runmao International  Trading Co., Ltd. | Trading of  products from  natural rubber | 100.00 | |  | 100.00 | 35,399 |  | 35,399 |  | | 40,834 |  | 40,834 |  | - |  | - |  | 40,834 |  | 40,834 | |  | - |  | 5,055 |
| **Total** |  |  | |  |  |  |  |  |  | | **1,912,454** |  | **1,912,454** |  | **(39,180)** |  | **(39,180)** |  | **1,873,274** |  | **1,873,274** | |  | **-** |  | **20,624** |

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 (“PRC”), respectively.

During the six-month period ended 30 June 2019, there were no acquisition and disposal of investments in subsidiaries.

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

1. **Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the six-month period ended 30 June 2019 were as follows:

|  | **Consolidated financial statements** | | |  | **Separate financial**  **statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Acquisitions  and  transfers in  - at cost |  | Disposals  and transfers  out - net book value |  | Acquisitions  and  transfers in  - at cost |  | Disposals  and transfers out - net book value |
|  | *(in thousand Baht)* | | | | | | |
| Land and land improvement | 573 |  | - |  | 573 |  | - |
| Building and building improvement | 7,380 |  | 47 |  | 240 |  | - |
| Machinery | 11,765 |  | 75 |  | 389 |  | - |
| Office and other equipment | 15,164 |  | 506 |  | 1,645 |  | - |
| Vehicles | 2,612 |  | - |  | - |  | - |
| Other fixed assets | 4,388 |  | - |  | 4,350 |  | - |
| Assets under construction and  installation | 43,072 |  | 33,128 |  | 756 |  | 6,610 |
| **Total** | **84,954** |  | **33,756** |  | **7,953** |  | **6,610** |

1. **Changes in liabilities arising from financing activities**

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Bank  overdrafts  used for cash  management  purposes |  | Other long-term  borrowings |  | Finance lease  liabilities |  | Total |
|  | *(in thousand Baht)* | | | | | | |
| Balance at 1 January 2019 | 3,627,605 |  | 1,298,787 |  | 95,159 |  | 5,021,551 |
| Changes from financing cash flows | (91,489) |  | (65,000) |  | (29,812) |  | (186,301) |
| **Balance at 30 June 2019** | **3,536,116** |  | **1,233,787** |  | **65,347** |  | **4,835,250** |

|  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Bank  overdrafts  used for cash  management  purposes |  | Other long-term  borrowings |  | Finance lease  liabilities |  | Total |
|  | *(in thousand Baht)* | | | | | | |
| Balance at 1 January 2019 | 3,021,032 |  | 898,750 |  | 90,716 |  | 4,010,498 |
| Changes from financing cash flows | (321,458) |  | (40,000) |  | (29,069) |  | (390,527) |
| **Balance at 30 June 2019** | **2,699,574** |  | **858,750** |  | **61,647** |  | **3,619,971** |

Loans 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.

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

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

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group/Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the second quarter of 2019. As a result of this change, the provision for retirement benefits as at 30 June 2019 as well as past service cost recognised during the three-month and six-month periods then ended in the consolidated and separate financial statements increased by an amount of Baht 19.9 million and Baht 15.7 million, respectively.

1. **Segments information and and** **disaggregation of revenue**

**Disaggregation of revenue**

In the following table, revenue from sales of products is disaggregated by primary geographical market and is recognised at a point in time.

|  |  | Consolidated financial statement | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Concentrated and | | |  |  | | |  |  | | |  |  |  | | |
|  |  | prevulcanized latex | | |  | Latex products | | |  | Rubber plantation | | |  |  | Total | | |
| ***Three-month period ended 30 June*** |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  |  | 2019 |  | 2018 |
|  |  | *(in million Baht)* | | | | | | | | | | | | | | | |
| ***Disaggregation of revenue*** |  |  | | | | | | | | | | | | | | | |
| **Primary geographical markets** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Thailand |  | 594 |  | 567 |  | 36 |  | 140 |  | 3 |  | 1 |  |  | 633 |  | 708 |
| PRC |  | 156 |  | 158 |  | 646 |  | 429 |  | - |  | - |  |  | 802 |  | 587 |
| Republic of Korea |  | 22 |  | 32 |  | 4 |  | 25 |  | - |  | - |  |  | 26 |  | 57 |
| Other countries |  | 266 |  | 262 |  | 127 |  | 86 |  | - |  | - |  |  | 393 |  | 348 |
| **Total revenue** |  | **1,038** |  | **1,019** |  | **813** |  | **680** |  | **3** |  | **1** |  |  | **1,854** |  | **1,700** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Segment profit (loss) before income tax |  | (22) |  | - |  | 44 |  | 37 |  | (5) |  | (22) |  |  | 17 |  | 15 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Six-month period ended 30 June*** |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  |  | 2019 |  | 2018 |
|  |  | *(in million Baht)* | | | | | | | | | | | | | | | |
| ***Disaggregation of revenue*** |  |  | | | | | | | | | | | | | | | |
| **Primary geographical markets** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Thailand |  | 1,345 |  | 1,257 |  | 91 |  | 394 |  | 7 |  | 1 |  |  | 1,443 |  | 1,652 |
| PRC |  | 328 |  | 471 |  | 1,066 |  | 827 |  | - |  | - |  |  | 1,394 |  | 1,298 |
| Republic of Korea |  | 59 |  | 55 |  | 14 |  | 47 |  | - |  | - |  |  | 73 |  | 102 |
| Other countries |  | 596 |  | 595 |  | 234 |  | 189 |  | - |  | - |  |  | 830 |  | 784 |
| **Total revenue** |  | **2,328** |  | **2,378** |  | **1,405** |  | **1,457** |  | **7** |  | **1** |  |  | **3,740** |  | **3,836** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Segment profit (loss) before income tax |  | (91) |  | 24 |  | 32 |  | 170 |  | (14) |  | (43) |  |  | (73) |  | 151 |

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

The calculation of earnings (loss) per share for the three-month and six-month periods ended 30 June 2019 and 2018 were based on the profit or loss for the periods attributable to owners of parent and the weighted average number of ordinary shares outstanding during the periods as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
| ***Three-month period ended 30 June*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht/thousand shares)* | | | | | | |
| **Profit (loss) attributable to owners of**  **parent** | **(783)** |  | **543** |  | **(24,164)** |  | **10,979** |
| **Number of ordinary shares issued** | **681,480** |  | **1,685,080** |  | **681,480** |  | **1,685,080** |
| **Number of ordinary shares outstanding** | **681,480** |  | **681,480** |  | **681,480** |  | **681,480** |
| **Earnings (loss) per share *(in Baht)*** | **(0.00)** |  | **0.00** |  | **(0.04)** |  | **0.02** |
|  |  |  |  |  |  |  |  |
| ***Six-month period ended 30 June*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht/thousand shares)* | | | | | | |
| **Profit (loss) attributable to owners of**  **parent** | **(82,957)** |  | **88,318** |  | **(96,830)** |  | **53,549** |
| **Number of ordinary shares issued** | **681,480** |  | **1,685,080** |  | **681,480** |  | **1,685,080** |
| **Number of ordinary shares outstanding** | **681,480** |  | **681,480** |  | **681,480** |  | **681,480** |
| **Earnings (loss) per share *(in Baht)*** | **(0.12)** |  | **0.13** |  | **(0.14)** |  | **0.08** |

1. **Dividend**

At the annual general meeting of the shareholders of the Company held on 26 April 2019, the shareholders approved the payment of the dividends of Baht 0.01 per share amounting to Baht 6.8 million. Such dividend was paid to shareholders on May 2019.

1. **Financial instruments**

## ***Carrying amount and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|  |  |  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount |  | Fair value | | | | | | |
|  |  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| **30 June 2019** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Forward exchange contract | - |  | - |  | 10,685 |  | - |  | 10,685 |
|  |  |  |  |  |  |  |  |  |  |
| **31 December 2018** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Forward exchange contract | - |  | - |  | 8,227 |  | - |  | 8,227 |

As at 30 June 2019 and 31 December 2018, the fair value of financial assets and liabilities, except forward exchange contract, do not differ significantly from amounts recorded in the statement of financial position.

***Measurement of fair value***

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.

***Valuation techniques and significant unobservable inputs***

The following table shows the valuation technique used in measuring Level 2 fair values at 30 June 2019 and 31 December 2018 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

| **Type** |  | **Valuation technique** |
| --- | --- | --- |
| Forward exchange contracts |  | *Forward pricing:* The fair value is determined using quoted forward exchange rates at the reporting date. |

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

| ***At 30 June 2019*** | **Consolidated financial statements** |  | **Separate financial statements** |
| --- | --- | --- | --- |
|  | *(in million Baht)* | | |
| ***Capital commitments*** |  |  |  |
| *Contracted but not provided for:* |  |  |  |
| Machinery, buildings and construction in progress | 43 |  | - |
| **Total** | **43** |  | **-** |
|  |  |  |  |
| ***Future minimum lease payments under non-cancellable***  ***operating leases*** |  |  |  |
| Within one year | 4 |  | - |
| **Total** | **4** |  | **-** |
|  |  |  |  |
| ***Other commitments*** |  |  |  |
| Bank guarantees | 15 |  | 9 |
| Forward exchange contract - buy | 12 |  | - |
| Forward exchange contract - sell | 113 |  | 2 |
| **Total** | **140** |  | **11** |

As at 30 June 2019 and 31 December 2018, the Group and the Company had the following commitments:

* + - The Group has entered into forward exchange contracts to sell USD 3.6 million *(31 December 2018: USD 7.4 million)* at the forward rate of Baht 30.8 - 32.7 per USD *(31 December 2018: 32.2 - 33.2 Baht per USD)*. These contracts are due between 3 September 2019 to 22 June 2020 *(31 December 2018: 18 January 2019 to 18 December 2019)*. The Company has entered into forward exchange contracts to sell USD 0.1 million *(31 December 2018: USD 0.2 million)* at the forward rate of Baht 31.3 - 32.0 per USD *(31 December 2018: 32.2 - 33.2 Baht per USD)*. These contracts are due between 13 September 2019 to 17 December 2019 *(31 December 2018: 1 February 2019 to 18 June 2019)*.
    - As at 30 June 2019, the Group has entered into forward exchange contracts to buy USD 0.4 million   
      *(31 December 2018: USD 0.2 million)* at the forward rate of Baht 31.3 - 31.4 per USD *(31 December 2018: 32.7 Baht per USD)*. These contracts are due between 6 September 2019 to 11 June 2020 *(31 December 2018: 18 March 2019)* and the Company has no forward exchange contracts to buy.

**Bank guarantees**

As at 30 June 2019, there were outstanding bank guarantees of approximately Baht 15 million and Baht 9 million, respectively *(31 December 2018: Baht 16 million and 11 million, respectively)* issued by the banks on behalf of the Group and the Company, respectively, as required in the normal course of their businesses.

1. **Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new TFRS which relevant to the Group/Company operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

| **TFRS** | **Topic** |  |
| --- | --- | --- |
| TFRS 7\* | Financial Instruments: Disclosures |  |
| TFRS 9\* | Financial Instruments |  |
| TFRS 16 | Leases |  |
| TAS 32\* | Financial Instruments: Presentation |  |

*\* TFRS - Financial instruments standards*

* 1. ***TFRS - Financial instruments standards***

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

* 1. ***TFRS 16 Leases***

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying those TFRSs on the financial statements.