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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 27 February 2020.

1. **General information**

Thai Rubber Latex Group Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in July 1991. The Company’s registered office as follows:

|  |  |  |
| --- | --- | --- |
| Head office | : | No. 99/1-3 Moo 13, Bangna-Trad Road, K.M. 7, Tambol Bangkaew, Amphur Bangplee, Samutprakarn |
| 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 Mooban Klongpom Moo 11, Tambol Banphru, Amphur Hatyai,  Songkhla |
|  | : | No. 293/2 Moo 1, Surat-Nasarn Road, 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 |

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’s major shareholders during the financial year were Wongsasuthikul Group (22.32% shareholding) and Woraprateep Group (15.95% shareholding).

The principal activities of the Company and its subsidiaries (“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 of latex concentrate and latex rubber, latex rubber thread, and latex foam mattress. Details of the Company’s subsidiaries and associates as at 31 December 2019 and 2018 are given in notes 10 and 11.

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 and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s/Company’s accounting policies. There is no material impact on the Group’s/Company’s financial statements. The Group/Company has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 3(t).

In addition, the Group/Company has not early adopted a number of new TFRS which are not yet effective for the current period in preparing these financial statements. Those new TFRS that are relevant to the Group’s/Company’s operations are disclosed in note 38.

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

The financial statements are prepared and presented in Thai Baht, which is the Group’s/Company’s functional currency.

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 the Group’s/Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

1. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

3(t) and 27 Revenue recognition:

* whether performance obligations in a bundled sale of products and services are capable of being distinct;
* whether revenue from sales of products is recognised over time or at a point in time;
* commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;
* whether long-term advances received from customers have significant financing component;

1. Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

4(a) Acquisition of subsidiary: fair value of the assets acquired, measured on a provisional basis;

7 Measurement of allowance for doubtful debts of trade accounts receivable;

9 Provision for inventories devaluation;

16 Impairment test of goodwill: key assumptions underlying recoverable amounts;

24 Measurement of defined benefit obligations: key actuarial assumptions; and

32 Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

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

The major sales transactions of the Group/Company have been affected from the fluctuation in rubber price and trade war in China during the year ended 31 December 2019. The Group and the Company incurred net loss of Baht 473.7 million and Baht 172.1 million, respectively, for the year ended 31 December 2019. As the same date, the Group’s and the Company’s current liabilities exceeded current assets by Baht 2,078.9 million and Baht 593.0 million, respectively *(2018: Baht 1,546.0 million and Baht 403.5 million, respectively)*. Such circumstances indicate the existence of an uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern.

The Group and the Company implemented policies and procedures in an attempt to manage their liquidity risk and other circumstances. The Group and the Company plan to address the liquidity problem by finding new customers, increasing sales volume and production capacity, cost reduction, restructuring of financing plan, finding more credit facilities and business restructuring of the Group/ Company, 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 their assets and discharge their 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. **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.

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

*Acquisition from entities under common control*

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder’s equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until 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.

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 accumulated in the 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 until disposal of the investment.

1. ***Derivatives***

*Forward exchange contracts*

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

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 receivable***

A receivable is recognised when the Group/Company has an unconditional right to receive consideration.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an 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.

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 less impairment losses method. 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  
*(see note 3(i))*, the amounts included in the revaluation reserve 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 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 in profit or loss. When there is a disposal of revalued assets, the amount recognised in revaluation surplus is reclassified 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 the 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.

*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***

*Goodwill*

Goodwill that arises upon the acquisition of business is included in intangible assets.  The measurement of goodwill at initial recognition is described in note 4(a).  Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*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, including expenditure on internally generated goodwill 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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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 accumulated amortisation. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives 50 years. The amortisation is recognised in profit or loss.

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.

*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. ***Measurement of fair values***

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 chief financial officer.

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’s/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 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 or indirectly.
* *Level 3*: inputs for the asset or liability that are based on unobservable input.

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 assumption made in measuring fair values is included in the following notes:

* Note 14 Investment properties
* Note 15 Property, plant and equipment
* Note 36 Financial instruments

1. ***Revenue***

***Accounting policies for revenue recognition in 2019***

Revenue is recognised 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, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

*Sale of goods*

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.  Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

***Accounting policies for revenue recognition in 2018***

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

*Sale of goods*

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.

1. ***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.

1. ***Investment income***

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group’s/Company’s right to receive payments is established. 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 period 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.

*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.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 (losses) per share***

The Group/Company presents basic earnings per share data for its ordinary shares. Basic earnings (losses) 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 period.

1. ***Related parties***

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

1. ***Segment reporting***

Segment results that are reported to the Company’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. **Acquisitions of business**

***(a) Acquisition of business***

On 1 September 2018, Latex Systems Public Company Limited, a subsidiary, obtained control of assets, transferred trademark and employees in production and distribution of pillow and mattress produced from rubber from Thai Natural Foam Co., Ltd., according to the agreement to sell and purchase assets dated 14 August 2018 with the net contract value of Baht 102.3 million which has been settled in November 2018. The transaction is accounted for as a business combination.

*Identifiable assets acquired*

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **Fair values as at**  **1 September 2018** |
|  | *Note* |  | *(in thousand Baht)* |
| Inventories |  |  | 4,981 |
| Property, plant and equipment | *15* |  | 85,040 |
| **Net identifiable assets acquired** |  |  | **90,021** |
| Goodwill arising from the acquisition | *16* |  | 12,303 |
| **Total consideration** |  |  | **102,324** |

During the year ended 31 December 2018, the Group incurred acquisition-related costs of Baht 0.5 million, which included in administrative expense in the consolidated statement of comprehensive income for the year ended 31 December 2018.

(***b) Acquisition of non-controlling interests***

In July 2018, the Group acquired an additional 45% interest in Shanghai Runmao International Trading Co., Ltd. (“SRIT”) for Baht 21.4 million, resulting to increase its ownership interest from 55% to 100%. The carrying amount of SRIT’s net assets in the Group’s financial statements on the date of the acquisition was Baht 47.3 million. The Group recognised a decrease in non-controlling interests of Baht 21.3 million, an increase in legal reserve of Baht 7.7 million, a decrease in retained earnings of Baht 8.2 million and an increase in the translating foreign operations of Baht 0.4 million.

In August 2018, the Group acquired an additional 1.6% interest in World Flex Public Company Limited (“WFX”) for Baht 4.8 million, resulting to increase its ownership interest from 98.4% to 100%. The carrying amount of WFX’s net assets in the Group’s financial statements on the date of the acquisition was Baht 538.4 million. The Group recognised a decrease in non-controlling interests of Baht 8.4 million, an increase in legal reserve of Baht 0.2 million, a decrease in retained earnings of Baht 3.8 million and an increase in revaluation surplus of Baht 3.6 million.

1. **Related parties**

Relationships with subsidiaries and associates are described in notes 10 and 11. Other related parties that the Group/Company had significant transactions with during the year were as follows:

|  |  |  |
| --- | --- | --- |
| **Name of entities** | **Country of incorporation/ nationality** | **Nature of relationships** |
| 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 |
| Soydao Rubber Estate Co., Ltd. | Thailand | Common directors |
| Ubis Primatech Co., Ltd. | Thailand | Common directors |

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

|  |  |
| --- | --- |
| **Transactions** | **Pricing policies** |
| Sales of goods/raw materials | Market prices |
| Rental | 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 |
| Other income | Contractually agreed |
| Interest income | Contractually agreed rate |
| Interest expense | Contractually agreed rate |
| Dividend income | Declared rate |
| Commission expense | Contractually agreed |

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

|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Year ended 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Sales of goods/raw materials | - |  | - |  | 1,425,466 |  | 1,023,666 |
| Purchases of goods/raw materials | - |  | - |  | 67,013 |  | 107,779 |
| Interest income | - |  | - |  | 66 |  | 27,742 |
| Interest expense | - |  | - |  | 1,833 |  | 1,426 |
| Dividend income | - |  | - |  | - |  | 20,624 |
| Commission expense | - |  | - |  | 3,106 |  | 4,836 |
| Rental income | - |  | - |  | 338 |  | - |
|  |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Purchases of raw materials | 8,502 |  | 8,159 |  | 8,502 |  | 8,159 |
| Dividend income | - |  | 535 |  | - |  | - |
| Interest expense | 163 |  | 289 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation | 32,682 |  | 33,451 |  | 32,682 |  | 33,451 |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Sales of goods | 19,004 |  | 277 |  | 18,793 |  | - |
| Purchases of goods/raw materials | 11,778 |  | 15,394 |  | 11,778 |  | 15,394 |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts receivable*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 312,650 |  | 230,560 |
| Other related party | 2,616 |  | - |  | 2,616 |  | - |
| **Total** | **2,616** |  | **-** |  | **315,266** |  | **230,560** |
|  |  |  |  |  |  |  |  |
| ***Other receivables*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 30,749 |  | 27,426 |
| Associate | 2 |  | 1 |  | 2 |  | 1 |
| Other related parties | 1 |  | - |  | 1 |  | - |
| **Total** | **3** |  | **1** |  | **30,752** |  | **27,427** |

| ***Movement of loans to*** | **Interest rate** | **Separate financial statements** | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| At  31 December |  | At  1 January |  | Increase |  | Decrease |  | At  31 December |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2019*** |  |  |  |  |  |  |  |  |  |
| **Subsidiaries** |  |  |  |  |  |  |  |  |  |
| Thai Rubber Land and  Plantation Co., Ltd. | - |  | 992,933 |  | - |  | - |  | 992,933 |
| Latex Systems Public  Company Limited | - |  | 38,000 |  | - |  | (38,000) |  | - |
| **Total** |  |  | **1,030,933** |  |  |  |  |  | **992,933** |
|  |  |  |  |  |  |  |  |  |  |
| ***2018*** |  |  |  |  |  |  |  |  |  |
| **Subsidiaries** |  |  |  |  |  |  |  |  |  |
| Thai Rubber Land and  Plantation Co., Ltd. | - |  | 1,422,203 |  | 13,500 |  | (442,770) |  | 992,933 |
| World Flex Public Company Limited | - |  | 25,000 |  | - |  | (25,000) |  | - |
| Latex Systems Public  Company Limited | 4.0 |  | - |  | 50,000 |  | (12,000) |  | 38,000 |
| **Total** |  |  | **1,447,203** |  |  |  |  |  | **1,030,933** |
|  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts payable*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 25 |  | 8 |
| Associate | 433 |  | 931 |  | 433 |  | 931 |
| Other related parties | - |  | 1,074 |  | - |  | 1,074 |
| **Total** | **433** |  | **2,005** |  | **458** |  | **2,013** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Other payables*** |  | | | | | | |
| Subsidiaries | **-** |  | **-** |  | **226** |  | **1,347** |
|  |  |  |  |  |  |  |  |

| ***Movement of loans from*** | **Interest rate** |  | **Consolidated financial statements** | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| At  31 December |  | At  1 January |  | Decrease |  | At  31 December |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | |
| ***2019*** |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Wang Somboon Rubber Estate Co., Ltd. | 4.0 |  | 4,500 |  | (1,400) |  | 3,100 |
| **Total** |  |  | **4,500** |  |  |  | **3,100** |
|  |  |  |  |  |  |  |  |
| ***2018*** |  |  |  |  |  |  |  |
| **Associate** |  |  |  |  |  |  |  |
| Wang Somboon Rubber Estate Co., Ltd. | 4.0 |  | 8,000 |  | (3,500) |  | 4,500 |
| **Total** |  |  | **8,000** |  |  |  | **4,500** |

| ***Movement of loans from*** | **Interest rate** |  | **Separate financial statements** | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| At  31 December |  | At  1 January |  | Increase |  | At  31 December |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | |
| ***2019*** |  |  |  |  |  |  |  |
| **Subsidiary** |  |  |  |  |  |  |  |
| Thai Rubber H P N R Co., Ltd. | 3.9 |  | 47,000 |  | - |  | 47,000 |
| **Total** |  |  | **47,000** |  |  |  | **47,000** |
|  |  |  |  |  |  |  |  |
| ***2018*** |  |  |  |  |  |  |  |
| **Subsidiary** |  |  |  |  |  |  |  |
| Thai Rubber H P N R Co., Ltd. | 3.9 |  | 32,000 |  | 15,000 |  | 47,000 |
| **Total** |  |  | **32,000** |  |  |  | **47,000** |

As at 31 December 2019, the Group has unutilised credit facilities at the total of Baht 1,961 million and USD 80 million *(2018: Baht 1,576 million and USD 99 million)* and utilised credit facilities at the total of Baht 4,947 million and USD 23 million *(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 *(2018: Baht 850 million and USD 25 million)*.

1. **Cash and cash equivalents**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Cash on hand | 1,405 |  | 2,834 |  | 591 |  | 1,705 |
| Cash at bank - current accounts | 55,315 |  | 93,033 |  | 10,045 |  | 12,683 |
| Cash at bank - saving accounts | 34,406 |  | 61,728 |  | 23,466 |  | 28,691 |
| **Total** | **91,126** |  | **157,595** |  | **34,102** |  | **43,079** |

1. **Trade accounts receivable**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Within credit term | 517,514 |  | 793,422 |  | 475,970 |  | 649,533 |
| Overdue: |  |  |  |  |  |  |  |
| Less than 3 months | 241,380 |  | 190,207 |  | 179,623 |  | 175,217 |
| 3 - 6 months | 169,800 |  | 1,818 |  | 80,007 |  | 24,762 |
| 6 - 12 months | 33,901 |  | - |  | 7,177 |  | - |
| Over 12 months | 134,242 |  | 135,155 |  | 134,242 |  | 133,795 |
| **Total** | **1,096,837** |  | **1,120,602** |  | **877,019** |  | **983,307** |
| *Less* allowance for doubtful accounts | (269,700) |  | (133,531) |  | (133,529) |  | (133,531) |
| **Net** | **827,137** |  | **987,071** |  | **743,490** |  | **849,776** | |
|  |  |  |  |  |  |  |  | |
| (Reversal of) provision for bad and  doubtful debts expense for  the year, net | 136,169 |  | (3) |  | (2) |  | (3) | |

Most of overdue trade accounts receivable consisted of 6 receivables of a subsidiary and these are in the collection process. As at 31 December 2019, the subsidiary’s management decided to provide fully allowance for doubtful accounts for 4 of 6 receivables totaling Baht 39.3 million. In addition, the subsidiary’s management decided to provide certain allowance for doubtful accounts for the rest of 2 receivables totaling Baht 96.9 million. At present, the subsidiary still sell the goods to these customers under the new conditions.

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

1. **Other receivables**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Related parties | *5* | 3 |  | 1 |  | 30,752 |  | 27,427 |
| Other parties |  | 171,265 |  | 172,715 |  | 41,604 |  | 48,401 |
| **Total** |  | **171,268** |  | **172,716** |  | **72,356** |  | **75,828** |
| *Less* allowance for doubtful accounts |  | (45,571) |  | (45,036) |  | (3,877) |  | (3,877) |
| **Net** |  | **125,697** |  | **127,680** |  | **68,479** |  | **71,951** |

1. **Inventories**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Finished goods | 958,466 |  | 1,092,151 |  | 647,366 |  | 749,474 |
| Work in process | 10,710 |  | 10,116 |  | - |  | - |
| Raw materials | 160,032 |  | 99,409 |  | 25,168 |  | 40,309 |
| Packing materials | 6,877 |  | 7,853 |  | 458 |  | 724 |
| Supplies | 32,611 |  | 41,433 |  | 7,686 |  | 7,895 |
| **Total** | **1,168,696** |  | **1,250,962** |  | **680,678** |  | **798,402** |
| *Less* inventories allowance for decline in value | (64,929) |  | - |  | - |  | - |
| **Net** | **1,103,767** |  | **1,250,962** |  | **680,678** |  | **798,402** |
| Inventories recognised in |  |  |  |  |  |  |  |
| ‘cost of sales of goods’: |  |  |  |  |  |  |  |
| - Cost | 6,256,069 |  | 6,649,597 |  | 4,921,464 |  | 5,168,129 |
| - (Reversal of) write-down to net  realisable value | 64,929 |  | (4,473) |  | - |  | - |
| **Net** | **6,320,998** |  | **6,645,124** |  | **4,921,464** |  | **5,168,129** |

1. **Investments in associates**

Investments in associates as at 31 December 2019 and 2018 and dividend income for the years then ended were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Consolidate financial statements** | | | | | | | | | | | | | | | | | | |
|  | Nature of business | Country of operation | Effective  ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Carrying amount based on equity method | | |  | Dividend income  for the year | | |
|  |  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 | |
|  |  |  | *(%)* | | |  | *(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 |  | 29,664 |  | 30,982 |  | - |  | 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** |  | **29,664** |  | **30,982** |  | **-** |  | **535** | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | | | |
|  | Country of | Effective | | |  |  | | |  |  | | |  |  | | |  |  | | |  | Dividend income | | | |
|  | operation | ownership interest | | |  | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | for the year | | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | | | |
| **Associate** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Rosener-Mautby Meditrade (Thailand) Ltd.(\*) | Thailand | 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 quotation.

(\*) 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.** | | |
|  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | |
| Revenue | 18,392 |  | 13,586 |
| Loss from continuing operations | (2,525) |  | (1,472) |
| Other comprehensive income (expense) | (195) |  | (153) |
| **Total comprehensive income (expense)** | **(2,720)** |  | **(1,625)** |
| Attributable to NCI | (1,402) |  | (838) |
| Attributable to investee’s shareholders | (1,318) |  | (787) |
|  |  |  |  |
| Current assets | 17,601 |  | 18,217 |
| Non-current assets | 46,390 |  | 48,053 |
| Current liabilities | (585) |  | (427) |
| Non-current liabilities | (2,027) |  | (1,814) |
| **Net assets** | **61,379** |  | **64,029** |
| Attributable to NCI | 31,715 |  | 33,047 |
| Attributable to investee’s shareholders | 29,664 |  | 30,982 |
|  |  |  |  |
| Group’s interest in net assets of investee at 1 January | 30,982 |  | 32,304 |
| Group’s share of total comprehensive income (expense) | (1,318) |  | (787) |
| Dividend income | - |  | (535) |
| **Carrying amount of interest in investee at 31 December** | **29,664** |  | **30,982** |

1. **Investments in subsidiaries**

Investments in subsidiaries as at 31 December 2019 and 2018 and dividend income for the years then ended were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | |
|  | Nature of business | Country of operation | Ownership interest | | | Paid-up capital | | |  | Cost | | |  | Impairment | | |  | At cost-net | | |  | Dividend income  for the year | | |
|  |  |  | 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 | Thailand | 100.0 |  | 100.0 | 308,000 |  | 308,000 |  | 448,400 |  | 448,400 |  | - |  | - |  | 448,400 |  | 448,400 |  | - |  | - |
| Thai Rubber Land and Plantation  Co., Ltd. | Planting of   rubber | Thailand | 100.0 |  | 100.0 | 800,000 |  | 800,000 |  | 800,000 |  | 800,000 |  | - |  | - |  | 800,000 |  | 800,000 |  | - |  | - |
| Thai Rubber  H P N R Co., Ltd. | Trading of  products from  natural rubber | Thailand | 100.0 |  | 100.0 | 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 | Thailand | 56.2 |  | 56.2 | 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 | Republic of the Union of Myanmar | 64.0 |  | 64.0 | 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 | Republic of China | 100.0 |  | 100.0 | 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** |

*Allowance for impairment*

Due to the challenges in the markets including the volatility of rubber prices as a consequence over the market condition, Thai Rubber H P N R Co., Ltd. and Thai Rubber Land and Plantation Co., Ltd., subsidiaries of the Company, incurred accumulated deficits as at the year ended 31 December 2019. The Group/Company prepared discounted cash flow projections (“DCF”) by managements to determine the value in investment in subsidiaries in the separate financial statements and rubber plantation development costs of subsidiary in the consolidated financial statements. The key assumptions used in the estimation of the recoverable amount in DCF related to discount rate and estimated EBITDA. The discount rate is estimated based on the historical industry average weighted-average cost of capital. Estimated EBITDA is based on management’s expectation considering of historical experience. Based on the result of the assessment and management judgment, there was no impairment loss.

During 2018, the Company's management foresee that the investment in Myanmar Thai Rubber Joint Corporation Limited was impaired. As a result, the Company set up allowance for impairment loss of investment in a said subsidiary amounting to Baht 39.2 million in the statements of comprehensive income in the separate financial statements for the year ended 31 December 2018.

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 2019 | | |
| --- | --- | --- | --- |
|  | Latex Systems |  |  |
|  | Public Company |  |  |
|  | Limited |  | Total |
|  | *(in thousand Baht)* | | |
| Non-controlling interest percentage | 43.84% |  |  |
|  |  |  |  |
| Current assets | 393,532 |  |  |
| Non-current assets | 733,381 |  |  |
| Current liabilities | (707,148) |  |  |
| Non-current liabilities | (229,965) |  |  |
| **Net assets** | **189,800** |  |  |
| Carrying amount of non-controlling interest | 83,208 |  | **83,208** |
| Other individually immaterial subsidiaries |  |  | 12,952 |
| **Total** |  |  | **96,160** |
|  |  |  |  |
| Revenue | 589,497 |  |  |
| Loss | (271,331) |  |  |
| **Total comprehensive income (expense)** | **(271,331)** |  |  |
| Loss allocated to non-controlling interest | (118,952) |  | **(118,952)** |
| Other individually immaterial subsidiaries |  |  | (3,001) |
| **Total** |  |  | **(121,953)** |
| Other comprehensive income allocated to non-controlling interest | (118,952) |  | **(118,952)** |
| Other individually immaterial subsidiaries |  |  | (3,755) |
| **Total** |  |  | **(122,707)** |
|  |  |  |  |
| Cash flows used in operating activities | (43,130) |  |  |
| Cash flows used in investing activities | (22,369) |  |  |
| Cash flows from financing activities  (Dividends to non-controlling interest: Nil) | 57,017 |  |  |
| **Net decrease in cash and cash equivalents** | **(8,482)** |  |  |

|  | 31 December 2018 | | |
| --- | --- | --- | --- |
|  | Latex Systems |  |  |
|  | Public Company |  |  |
|  | Limited |  | Total |
|  | *(in thousand Baht)* | | |
| Non-controlling interest percentage | 43.84% |  |  |
|  |  |  |  |
| Current assets | 399,412 |  |  |
| Non-current assets | 754,744 |  |  |
| Current liabilities | (330,531) |  |  |
| Non-current liabilities | (362,493) |  |  |
| **Net assets** | **461,132** |  |  |
| Carrying amount of non-controlling interest | 202,160 |  | **202,160** |
| Other individually immaterial subsidiaries |  |  | 16,707 |
| **Total** |  |  | **218,867** |
|  |  |  |  |
| Revenue | 831,734 |  |  |
| Profit | 119,875 |  |  |
| **Total comprehensive income** | **119,053** |  |  |
| Profit allocated to non-controlling interest | 52,553 |  | **52,553** |
| Other individually immaterial subsidiaries |  |  | (8,467) |
| **Total** |  |  | **44,086** |
| Other comprehensive income allocated to non-controlling interest | 52,192 |  | **52,192** |
| Other individually immaterial subsidiaries |  |  | (9,218) |
| **Total** |  |  | **42,974** |
|  |  |  |  |
| Cash flows from operating activities | 88,024 |  |  |
| Cash flows used in investing activities | (338,531) |  |  |
| Cash flows from financing activities  (Dividends to non-controlling interest: amounted to Baht 16,287 thousand) | 210,407 |  |  |
| **Net decrease in cash and cash equivalents** | **(40,100)** |  |  |

1. **Other long-term investments**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(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 |  | 2,000 |
| Thai Rubber Joint Venture Co., Ltd. | 100,000 |  | 100,000 |  | 100,000 |  | 100,000 |
| **Total** | **111,349** |  | **111,349** |  | **111,349** |  | **111,349** |
| *Less* allowance for impairment | (30,149) |  | (30,149) |  | (30,149) |  | (30,149) |
| **Net** | **81,200** |  | **81,200** |  | **81,200** |  | **81,200** |

During 2018, the Company’s management foresee that the investment in Thai Rubber Joint Venture   
Co., Ltd. was impaired. As a result, the Company set up allowance for impairment loss in investments of Thai Rubber Joint Venture Co., Ltd. amounting to Baht 18.8 million in the consolidated and separate statements of comprehensive income for the year ended 31 December 2018.

None of the other long-term investments are publicly listed and consequently do not have published price quotations.

1. **Investment properties**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 561,070 |  | 557,950 |  | 120,590 |  | 120,450 |
| Gain (loss) on fair value adjustments |  | (13,380) |  | 3,120 |  | (11,980) |  | 140 |
| **At 31 December** |  | **547,690** |  | **561,070** |  | **108,610** |  | **120,590** |

| ***Year ended 31 December*** |  |  | 2019 |  | 2018 |
| --- | --- | --- | --- | --- | --- |
|  |  |  | *(in thousand Baht)* | | |
| ***Amounts recognised in profit or loss for investment properties*** |  |  |  |  |  |
| Rental income |  |  | 7,020 |  | 7,020 |
| Other income |  |  |  |  |  |
| * + - unrealised gain (loss) on fair value adjustments |  |  | (13,380) |  | 3,120 |

| ***At 31 December*** |  |  | 2019 |  | 2018 |
| --- | --- | --- | --- | --- | --- |
|  |  |  | *(in thousand Baht)* | | |
| ***Minimum lease payments under non-concellable operating lease*** |  |  |  |  |  |
| Within 1 year |  |  | 7,020 |  | 1,520 |
| 1 - 5 years |  |  | 19,170 |  | 1,190 |
| **Total** |  |  | **26,190** |  | **2,710** |

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 5 to 10 years for land and building. Renewals are negotiated with the lessee. No contingent rents are charged.

The Group has pledged investment properties amounting to approximately Baht 327.2 million *(2018: Baht 244.7 million)* as collateral against credit facilities from a financial institution. *(see note 21)*

The fair value of investment properties was determined by independent professional valuers, at open market values on an existing use basis. The fair value of investment property has been categorised as a Level 3 fair value*.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **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 |  |  |
|  |  | improvement |  | improvements |  | Machinery |  | other equipment |  | Vehicles |  | fixed assets |  | installation |  | Total |
|  | *Note* | *(in thousand Baht)* | | | | | | | | | | | | | | |
| ***Cost/Revaluation*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 |  | 1,542,077 |  | 872,422 |  | 826,528 |  | 458,327 |  | 135,239 |  | 138,821 |  | 316,890 |  | 4,290,304 |
| Acquisition through business combination | *4(a)* | 9,858 |  | 42,652 |  | 30,641 |  | 1,889 |  | - |  | - |  | - |  | 85,040 |
| Additions |  | 7,000 |  | 1,696 |  | 3,923 |  | 27,904 |  | 7,668 |  | 1,884 |  | 272,146 |  | 322,221 |
| Transfer |  | 1,498 |  | 139,173 |  | 157,989 |  | 46,952 |  | - |  | 39,677 |  | (385,289) |  | - |
| Write-off |  | - |  | (767) |  | (19,167) |  | (6,592) |  | - |  | (214) |  | (882) |  | (27,622) |
| Disposals |  | (1,002) |  | (1,784) |  | (12,250) |  | (4,810) |  | (378) |  | (323) |  | - |  | (20,547) |
| **At 31 December 2018 and** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **1 January 2019** |  | **1,559,431** |  | **1,053,392** |  | **987,664** |  | **523,670** |  | **142,529** |  | **179,845** |  | **202,865** |  | **4,649,396** |
| Additions |  | - |  | - |  | 1,106 |  | 12,125 |  | 3,011 |  | 75 |  | 96,656 |  | 112,973 |
| Revaluation of assets |  | - |  | - |  | 57,348 |  | - |  | - |  | - |  | - |  | 57,348 |
| Transfer |  | 573 |  | 120,320 |  | 27,209 |  | 12,569 |  | - |  | 4,350 |  | (165,021) |  | - |
| Write-off |  | - |  | (865) |  | (4,588) |  | (7,949) |  | - |  | (55) |  | (1,687) |  | (15,144) |
| Disposals |  | - |  | (664) |  | (982) |  | (4,051) |  | (7,349) |  | - |  | - |  | (13,046) |
| Reversal of assets revaluation |  | - |  | - |  | (253,426) |  | - |  | - |  | - |  | - |  | (253,426) |
| **At 31 December 2019** |  | **1,560,004** |  | **1,172,183** |  | **814,331** |  | **536,364** |  | **138,191** |  | **184,215** |  | **132,813** |  | **4,538,101** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **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)* | | | | | | | | | | | | | | |
| ***Depreciation and impairment losses*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | 15,447 |  | 92,508 |  | 284,962 |  | 342,070 |  | 113,162 |  | 99,066 |  | - |  | 947,215 |
| Depreciation charge for the year | - |  | 62,235 |  | 122,289 |  | 35,349 |  | 8,468 |  | 6,226 |  | - |  | 234,567 |
| Write-off | - |  | (290) |  | (12,428) |  | (3,865) |  | - |  | (214) |  | - |  | (16,797) |
| Disposals | - |  | (1,393) |  | (9,938) |  | (4,771) |  | (378) |  | (323) |  | - |  | (16,803) |
| **At 31 December 2018 and** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **1 January 2019** | **15,447** |  | **153,060** |  | **384,885** |  | **368,783** |  | **121,252** |  | **104,755** |  | **-** |  | **1,148,182** |
| Depreciation charge for the year | - |  | 42,874 |  | 132,975 |  | 36,009 |  | 6,841 |  | 10,513 |  | - |  | 229,212 |
| Write-off | - |  | (1,185) |  | (3,974) |  | (5,688) |  | - |  | (55) |  | - |  | (10,902) |
| Disposals | - |  | (155) |  | (948) |  | (4,051) |  | (7,349) |  | - |  | - |  | (12,503) |
| Reversal of accumulated depreciation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| on assets revaluation | - |  | - |  | (253,426) |  | - |  | - |  | - |  | - |  | (253,426) |
| **At 31 December 2019** | **15,447** |  | **194,594** |  | **259,512** |  | **395,053** |  | **120,744** |  | **115,213** |  | **-** |  | **1,100,563** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2018** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 1,543,984 |  | 829,925 |  | 482,100 |  | 154,887 |  | 12,685 |  | 75,090 |  | 202,865 |  | 3,301,536 |
| Assets under finance leases | - |  | 70,407 |  | 120,679 |  | - |  | 8,592 |  | - |  | - |  | 199,678 |
|  | **1,543,984** |  | **900,332** |  | **602,779** |  | **154,887** |  | **21,277** |  | **75,090** |  | **202,865** |  | **3,501,214** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 1,544,557 |  | 895,223 |  | 554,819 |  | 141,311 |  | 10,950 |  | 69,002 |  | 132,813 |  | 3,348,675 |
| Assets under finance leases | - |  | 82,366 |  | - |  | - |  | 6,497 |  | - |  | - |  | 88,863 |
|  | **1,544,557** |  | **977,589** |  | **554,819** |  | **141,311** |  | **17,447** |  | **69,002** |  | **132,813** |  | **3,437,538** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

The gross amount of the Group’s fully depreciated of plant and equipment that were still in use as at 31 December 2019 amounted to Baht 516.7 million *(2018: Baht 474.1 million).*

The Group has borrowing costs related to the acquisition of buildings and machinery as part of the cost of assets amounting to Baht 4.2 million with interest rate at 4.3% p.a. *(2018: Baht 0.7 million for the Group with interest rate at 3.9%-4.3% p.a. and 0.6 million for the Company with interest rate at 4.3% p.a., respectively)*. *(see note 31)*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **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)* | | | | | | | | | | | | | | |
| ***Cost/Revaluation*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 |  | 464,129 |  | 368,034 |  | 423,318 |  | 147,688 |  | 91,958 |  | 102,270 |  | 110,608 |  | 1,708,005 |
| Additions |  | - |  | - |  | - |  | 3,938 |  | 5,437 |  | - |  | 25,044 |  | 34,419 |
| Transfer |  | - |  | 73,069 |  | 13,085 |  | 3,153 |  | - |  | 39,677 |  | (128,984) |  | - |
| **At 31 December 2018** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **and 1 January 2019** |  | **464,129** |  | **441,103** |  | **436,403** |  | **154,779** |  | **97,395** |  | **141,947** |  | **6,668** |  | **1,742,424** |
| Additions |  | - |  | - |  | - |  | 2,839 |  | - |  | - |  | 2,954 |  | 5,793 |
| Revaluation of assets |  | - |  | - |  | 57,348 |  | - |  | - |  | - |  | - |  | 57,348 |
| Transfer |  | 573 |  | 240 |  | 1,044 |  | (480) |  | - |  | 4,350 |  | (5,727) |  | - |
| Write-off |  | - |  | - |  | (1,743) |  | - |  | - |  | - |  | (1,687) |  | (3,430) |
| Disposals |  | - |  | - |  | - |  | - |  | (5,889) |  | - |  | - |  | (5,889) |
| Reversal of assets revaluation |  | - |  | - |  | (253,426) |  | - |  | - |  | - |  | - |  | (253,426) |
| **At 31 December 2019** |  | **464,702** |  | **441,343** |  | **239,626** |  | **157,138** |  | **91,506** |  | **146,297** |  | **2,208** |  | **1,542,820** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Depreciation and impairment losses*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 |  | 12,540 |  | 50,344 |  | 201,311 |  | 137,343 |  | 81,055 |  | 80,069 |  | - |  | 562,662 |
| Depreciation charge for the year |  | - |  | 31,171 |  | 56,659 |  | 4,460 |  | 4,970 |  | 4,178 |  | - |  | 101,438 |
| **At 31 December 2018** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **and 1 January 2019** |  | **12,540** |  | **81,515** |  | **257,970** |  | **141,803** |  | **86,025** |  | **84,247** |  | **-** |  | **664,100** |
| Depreciation charge for the year |  | - |  | 5,739 |  | 57,159 |  | 4,335 |  | 3,623 |  | 7,458 |  | - |  | 78,314 |
| Write-off |  | - |  | - |  | (1,178) |  | - |  | - |  | - |  | - |  | (1,178) |
| Disposals |  | - |  | - |  | - |  | - |  | (5,888) |  | - |  | - |  | (5,888) |
| Reversal of accumulated depreciation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| on assets revaluation |  | - |  | - |  | (253,426) |  | - |  | - |  | - |  | - |  | (253,426) |
| **At 31 December 2019** |  | **12,540** |  | **87,254** |  | **60,525** |  | **146,138** |  | **83,760** |  | **91,705** |  | **-** |  | **481,922** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **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 31 December 2018** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 451,589 |  | 289,181 |  | 35,220 |  | 12,976 |  | 5,014 |  | 57,700 |  | 6,668 |  | 858,348 |
| Assets under finance leases | - |  | 70,407 |  | 143,213 |  | - |  | 6,356 |  | - |  | - |  | 219,976 |
|  | **451,589** |  | **359,588** |  | **178,433** |  | **12,976** |  | **11,370** |  | **57,700** |  | **6,668** |  | **1,078,324** |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 452,162 |  | 271,723 |  | 179,101 |  | 11,000 |  | 4,965 |  | 54,592 |  | 2,208 |  | 975,751 |
| Assets under finance leases | - |  | 82,366 |  | - |  | - |  | 2,781 |  | - |  | - |  | 85,147 |
|  | **452,162** |  | **354,089** |  | **179,101** |  | **11,000** |  | **7,746** |  | **54,592** |  | **2,208** |  | **1,060,898** |

The gross amount of the Company’s fully depreciated plant and equipment that were still in use as at 31 December 2019 amounted to Baht 292.6 million *(2018: Baht 279.9 million).*

The Group and the Company have pledged their property, plant and equipment which have a net book value of Baht 2,318.2 million and Baht 805.3 million, respectively *(2018: Baht 2,558.5 million and Baht 989.6 million, respectively)*, as collateral to secure the Group’s and the Company’s bank overdrafts, trusted receipts, short and long term loans. *(see note 21)*

The fair value of property, plant and equipment was determined by independent professional valuers, at open market values on an existing use basis. The fair value of property, plant and equipment has been categorised as a Level 3 fair value*.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **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. **Goodwill**

|  |  |  | **Consolidated**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- |
|  | *Note* |  | 2019 |  | 2018 |
|  |  |  | *(in thousand Baht)* | | |
| ***Cost*** |  |  |  |  |  |
| At 1 January |  |  | 12,303 |  | - |
| Acquired through business combinations | *4(a)* |  | - |  | 12,303 |
| **At 31 December** |  |  | **12,303** |  | **12,303** |
|  |  |  |  |  |  |
| ***Impairment losses*** |  |  |  |  |  |
| At 1 January |  |  | - |  | - |
| Impairment loss |  |  | (5,427) |  | - |
| **At 31 December** |  |  | **(5,427)** |  | **-** |
|  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |
| **At 31 December** |  |  | **6,876** |  | **12,303** |

***Impairment testing for the cash generating unit containing goodwill***

The recoverable amount of this CGU was based on its value in use, measured by discounting the future cash flows to be generated from the continuing operations of Rayong factory of its subsidiary. The carrying amount of the CGU was determined to be higher than its recoverable amount, hence, an impairment loss of Baht 5.4 million was recognised and included in administrative expense during 2019 *(2018: nil)*.

The recoverable amount of the cash generating unit (“CGU”) containing goodwill were based on discounted cash flows estimated by managements. The key assumptions used in the estimation of the recoverable amount in each CGU related to discount rate and budgeted EBITDA. The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

During 2019, competition in rubber product market and economy recession resulted in significant decrease of customers’ orders. Therefore, Rayong factory has significantly lower production rate than its normal capacity. The Group’s management believed that goodwill from business acquisition may be impaired and prepared discounted cash flows to estimate value in use of the cash generating unit containing goodwill. From the management’s estimate and judgement, the Group recognised impairment loss of goodwill amounting to Baht 5.4 million in the consolidated statement of comprehensive income for the year ended 31 December 2019.

1. **Other intangible assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Software license | | |
|  |  | **Consolidated financial statements** |  | **Separate financial statements** |
|  |  | *(in thousand Baht)* | | |
| ***Cost*** |  |  | | |
| At 1 January 2018 |  | 17,170 |  | 9,925 |
| Additions |  | 1,015 |  | 30 |
| Disposal |  | (264) |  | - |
| **At 31 December 2018 and 1 January 2019** |  | **17,921** |  | **9,955** |
| Additions |  | 604 |  | - |
| **At 31 December 2019** |  | **18,525** |  | **9,955** |
|  |  |  |  |  |
| ***Amortisation*** |  |  |  |  |
| At 1 January 2018 |  | 11,924 |  | 9,431 |
| Amortisation charge for the year |  | 2,205 |  | 166 |
| Disposal |  | (248) |  | - |
| **At 31 December 2018 and 1 January 2019** |  | **13,881** |  | **9,597** |
| Amortisation charge for the year |  | 2,210 |  | 167 |
| **At 31 December 2019** |  | **16,091** |  | **9,764** |
|  |  |  |  |  |
| ***Net book value*** |  |  |  |  |
| **At 1 January 2018** |  | **5,246** |  | **494** |
| **At 31 December 2018 and 1 January 2019** |  | **4,040** |  | **358** |
| **At 31 December 2019** |  | **2,434** |  | **191** |

1. **Land possessory rights**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | |  | **Separate financial statements** | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 193,158 |  | 193,158 |  | 6,270 |  | 6,270 |
| Amortisation |  | (966) |  | - |  | (31) |  | - |
| **At 31 December** |  | **192,192** |  | **193,158** |  | **6,239** |  | **6,270** |

As at 31 December 2019, the Group and the Company have land possessory rights of approximately 13,558 rais and 49 rais, respectively *(2018 : 13,558 rais and 49 rais, respectively)*. The Group and the Company are currently in the process of obtaining 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 possessory 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 2019, the outstanding balance of advance payment for land possessory rights amounted of Baht 34.8 million is presented in the consolidated statement of financial position.

1. **Rubber plantation development costs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | |
|  |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | |
| At 1 January |  | 885,902 |  | 877,437 |
| Additions |  | 7,842 |  | 17,290 |
| Amortisation |  | (2,169) |  | (8,825) |
| **At 31 December** |  | **891,575** |  | **885,902** |

As at 31 December 2019, the Group has no borrowing costs related to rubber plantation development *(2018: Baht 6.7 million)*, with a no recognition interest rate *(2018: 3.9% p.a.) (see note 31)*.

1. **Interest-bearing liabilities**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | | | | | | | | | | |
|  | 2019 | | | | |  | 2018 | | | | | |
|  | *Note* | Secured |  | Unsecured |  | **Total** |  | Secured |  | Unsecured |  | **Total** |
|  |  | *(in thousand Baht)* | | | | | | | | | | | |
| Bank overdrafts |  | 12,302 |  | - |  | **12,302** |  | 12,532 |  | - |  | **12,532** |
| Short-term loans from financial institutions |  | 3,685,914 |  | - |  | **3,685,914** |  | 3,610,573 |  | - |  | **3,610,573** |
| Short-term loans from related party | *5* | - |  | 3,100 |  | **3,100** |  | - |  | 4,500 |  | **4,500** |
| Long-term loans from financial institutions |  | 1,181,287 |  | - |  | **1,181,287** |  | 1,298,787 |  | - |  | **1,298,787** |
| Finance lease liabilities |  | 54,190 |  | - |  | **54,190** |  | 95,159 |  | - |  | **95,159** |
| **Total interest-bearing liabilities** |  | **4,933,693** |  | **3,100** |  | **4,936,793** |  | **5,017,051** |  | **4,500** |  | **5,021,551** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Separate financial statements** | | | | | | | | | | | |
|  | 2019 | | | | |  | 2018 | | | | | |
|  | *Note* | Secured |  | Unsecured |  | **Total** |  | Secured |  | Unsecured |  | **Total** |
|  |  | *(in thousand Baht)* | | | | | | | | | | | |
| Bank overdrafts |  | 2,545 |  | - |  | **2,545** |  | 9,444 |  | - |  | **9,444** |
| Short-term loans from financial institutions |  | 2,904,158 |  | - |  | **2,904,158** |  | 2,964,588 |  | - |  | **2,964,588** |
| Short-term loans from related party | *5* | - |  | 47,000 |  | **47,000** |  | - |  | 47,000 |  | **47,000** |
| Long-term loans from financial institutions |  | 831,250 |  | - |  | **831,250** |  | 898,750 |  | - |  | **898,750** |
| Finance lease liabilities |  | 51,102 |  | - |  | **51,102** |  | 90,716 |  | - |  | **90,716** |
| **Total interest-bearing liabilities** |  | **3,789,055** |  | **47,000** |  | **3,836,055** |  | **3,963,498** |  | **47,000** |  | **4,010,498** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidation financial statements** | | | | | | | | | | |
|  | 2019 | | | | |  | 2018 | | | | |
| ***Finance lease liabilities*** | Minimum lease payments |  | Interest |  | Present value of minimum lease payments |  | Minimum lease payments |  | Interest |  | Present  value of minimum lease payments |
|  | *(in thousand Baht)* | | | | | | | | | | |
| *Maturity period* |  | | | | | | | | | | |
| Within one year | 24,379 |  | 2,252 |  | 22,127 |  | 44,198 |  | 3,520 |  | 40,678 |
| 1 - 5 years | 33,924 |  | 1,861 |  | 32,063 |  | 58,360 |  | 3,879 |  | 54,481 |
| **Total** | **58,303** |  | **4,113** |  | **54,190** |  | **102,558** |  | **7,399** |  | **95,159** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | |
|  | 2019 | | | | |  | 2018 | | | | |
| ***Finance lease liabilities*** | Minimum lease payments |  | Interest |  | Present value of minimum lease payments |  | Minimum lease payments |  | Interest |  | Present  value of minimum lease  payments |
|  | *(in thousand Baht)* | | | | | | | | | | |
| *Maturity period* |  | | | | | | | | | | |
| Within one year | 22,949 |  | 2,063 |  | 20,886 |  | 42,578 |  | 3,265 |  | 39,313 |
| 1 - 5 years | 31,913 |  | 1,697 |  | 30,216 |  | 54,919 |  | 3,516 |  | 51,403 |
| **Total** | **54,862** |  | **3,760** |  | **51,102** |  | **97,497** |  | **6,781** |  | **90,716** |

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 March 2023. Under the lease agreements, the Company 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.

The details of long-term borrowings from financial institutions as at 31 December are summarised as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(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. | 228,000 |  | 241,500 |  | 228,000 |  | 241,500 |
| 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. | 547,000 |  | 578,500 |  | 547,000 |  | 578,500 |
| 1. Long-term borrowings of Baht 92.5 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 17 installments (Baht 2.5 million for first installment, Baht 3.8 million for installment 2-5, Baht 6.3 million for installment 6-17 and the remain principle for installment 17). The repayments are to be made for every 3-month period, commencing March 2018. | 56,250 |  | 78,750 |  | 56,250 |  | 78,750 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
|  |  |  |  |  |  |  |  |
| **Long-term borrowings of the Subsidiary** |  |  |  |  |  |  |  |
| *Latex Systems Public Company Limited* |  |  |  |  |  |  |  |
| 1. Long-term borrowings 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. | 175,000 |  | 225,000 |  | - |  | - |
| 1. Long-term borrowings of Baht 100 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 24 installments for Baht 4.2 million each. The repayments are to be made for every 3-month period, commencing from January 2020. | 100,000 |  | 100,000 |  | - |  | - |
| 1. Long-term borrowings of Baht 400 million subject to interest at Minimum Loan Rate minus 2% per annum and repayable in 24 installments for Baht 16.7 million each. The repayments are to be made for every 3-month period, commencing from February 2020. | 75,037 |  | 75,037 |  | - |  | - |
| **Total** | **1,181,287** |  | **1,298,787** |  | **831,250** |  | **898,750** |
| *Less*: Current portion of long term borrowings | (238,600) |  | (132,500) |  | (105,000) |  | (82,500) |
| **Net** | **942,687** |  | **1,166,287** |  | **726,250** |  | **816,250** |

1. **Trade accounts payable**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Related parties | *5* | 433 |  | 2,005 |  | 458 |  | 2,013 |
| Other parties |  | 139,664 |  | 173,385 |  | 34,010 |  | 61,070 |
| **Total** |  | **140,097** |  | **175,390** |  | **34,468** |  | **63,083** |

1. **Other payables**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Related parties | *5* | - |  | - |  | 226 |  | 1,347 |
| Other parties |  | 124,616 |  | 103,946 |  | 36,849 |  | 29,676 |
| **Total** |  | **124,616** |  | **103,946** |  | **37,075** |  | **31,023** |

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

|  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Defined benefit obligations | 95,557 |  | 55,369 |  | 71,871 |  | 37,238 |
| **Total** | **95,557** |  | **55,369** |  | **71,871** |  | **37,238** |

***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.

| ***Present value of the defined benefit obligations*** |  | **Consolidated**  **financial statements** | | |  | **Separate**  **financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 55,369 |  | 67,169 |  | 37,238 |  | 49,069 |
|  |  |  |  |  |  |  |  |  |
| **Include in profit or loss:** |  |  |  |  |  |  |  |  |
| Current service cost |  | 7,716 |  | 4,478 |  | 4,238 |  | 2,901 |
| Past service cost |  | 19,744 |  | - |  | 15,741 |  | - |
| Interest on obligation |  | 2,192 |  | 1,405 |  | 1,575 |  | 1,090 |
|  |  | **29,652** |  | **5,883** |  | **21,554** |  | **3,991** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  | *(in thousand Baht)* | | | | | | |
| **Included in other comprehensive income** |  |  |  |  |  |  |  |  |
| Actuarial (gain) loss |  |  |  |  |  |  |  |  |
| - Demographic assumptions |  | 14,124 |  | (13,491) |  | 14,124 |  | (12,994) |
|  |  | **14,124** |  | **(13,491)** |  | **14,124** |  | **(12,994)** |
| Benefit paid |  | (3,588) |  | (4,192) |  | (1,045) |  | (2,828) |
|  |  | **(3,588)** |  | **(4,192)** |  | **(1,045)** |  | **(2,828)** |
| **At 31 December** |  | **95,557** |  | **55,369** |  | **71,871** |  | **37,238** |

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 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

***Actuarial assumptions***

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

| ***Principal actuarial assumptions*** | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(%)* | | | | | | |
| Discount rate | 1.8 - 4.4 |  | 1.8 - 4.4 |  | 1.8 - 4.4 |  | 1.8 - 4.4 |
| Future salary growth | 3 - 5.5 |  | 3 - 5.5 |  | 3 - 5.5 |  | 3 - 5.5 |

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

At 31 December 2019, the 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:

| ***Effect to the defined benefit obligation*** | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate (1% increase) | (7,211) |  | (5,300) |  | 8,373 |  | 6,165 |
| Future salary growth (1% increase) | 8,858 |  | 5,953 |  | (7,748) |  | (5,232) |
| Employee turnover rate (20% increase) | (5,916) |  | (3,893) |  | 6,972 |  | 4,549 |
| Future mortality (1% increase) | 250 |  | 166 |  | (278) |  | (184) |
|  |  |  |  |  |  |  |  |

| ***Effect to the defined benefit obligation*** | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate (1% increase) | (4,359) |  | (3,298) |  | 5,010 |  | 3,802 |
| Future salary growth (1% increase) | 5,342 |  | 3,669 |  | (4,720) |  | (3,254) |
| Employee turnover rate (20% increase) | (3,366) |  | (2,272) |  | 3,892 |  | 2,610 |
| Future mortality (1% increase) | 145 |  | 98 |  | (160) |  | (108) |

1. **Share capital**

|  | Par value | 2019 | | |  | 2018 | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | per share | Number |  | Baht |  | Number |  | Baht |
|  | *(in Baht)* | *(thousand shares / thousand Baht)* | | | | | | |
| **Authorised shares at 31 December** |  | **681,480** |  | **681,480** |  | **681,480** |  | **681,480** |
|  |  |  |  |  |  |  |  |  |
| ***Issued and paid-up*** |  |  |  |  |  |  |  |  |
| At 1 January |  |  |  |  |  |  |  |  |
| - ordinary shares | 1 | 681,480 |  | 681,480 |  | 1,685,080 |  | 1,685,080 |
| Reduction of shares | 1 | - |  | - |  | (1,003,600) |  | (1,003,600) |
| **At 31 December** |  |  |  |  |  |  |  |  |
| **- ordinary shares** |  | **681,480** |  | **681,480** |  | **681,480** |  | **681,480** |

***Business restructuring***

On 13 December 2017, the extraordinary shareholders’ meeting of the Company 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. (“TRLG”) in consideration of the entire business transfer.

On 4 December 2018, TRLG completed the liquidation process. Accordingly, the Company registered the amendment of its registered capital and reduced its authorised share capital and paid-up share capital to 1,200 million shares and Baht 1,003.6 million, respectively, with Department of Business Development, Ministry of Commerce in accordance with the restructuring plan of the Company.

***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* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| At 1 January |  | 1,266,412 |  | 1,315,514 |  | 511,789 |  | 552,699 |
| Revaluation of land, building and  machinery, net of income tax |  | 45,878 |  | - |  | 45,878 |  | - |
| Surplus from acquisition of non-  controlling interest without a change in  control | *5(b)* | - |  | 3,586 |  | - |  | - |
| Amortisation |  | (52,001) |  | (52,688) |  | (40,933) |  | (40,910) |
| **At 31 December** |  | **1,260,289** |  | **1,266,412** |  | **516,734** |  | **511,789** |

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

1. **Segments information**

Management determined that the Group’s has three reportable segments, 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. The following summary describes the operations in each of the Group’s principal reportable segments.

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

Each segment’s 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. Inter-segment pricing is determined on an arm’s length basis.

|  | Consolidated financial statements | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Concentrated and prevulcanized latex | | |  | Latex products | | | | |  | Rubber plantation | | |  | Total | | |
| ***For the year ended 31 December*** | 2019 |  | 2018 |  | 2019 | |  | | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in million Baht)* | | | | | | | | | | | | | | | | |
| ***Information about reportable segments*** |  | | | | | | | | | | | | | | | | |
| External revenue | 4,185 |  | 4,851 |  | 2,634 |  | | 2,657 | |  | 8 |  | 5 |  | 6,827 |  | 7,513 |
| Inter-segment revenue | 1,448 |  | 1,088 |  | - |  | | - | |  | 43 |  | 43 |  | 1,491 |  | 1,131 |
| **Total revenue** | **5,633** |  | **5,939** |  | **2,634** |  | | **2,657** | |  | **51** |  | **48** |  | **8,318** |  | **8,644** |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| ***Disaggregation of revenue*** |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| **Primary geographical markets** |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Thailand | 2,341 |  | 2,526 |  | 158 |  | | 599 | |  | 8 |  | 5 |  | 2,507 |  | 3,130 |
| PRC | 576 |  | 831 |  | 2,010 |  | | 1,606 | |  | - |  | - |  | 2,586 |  | 2,437 |
| Republic of Korea | 106 |  | 142 |  | 25 |  | | 65 | |  | - |  | - |  | 131 |  | 207 |
| Others countries | 1,162 |  | 1,352 |  | 441 |  | | 387 | |  | - |  | - |  | 1,603 |  | 1,739 |
| **Total revenue** | **4,185** |  | **4,851** |  | **2,634** |  | | **2,657** | |  | **8** |  | **5** |  | **6,827** |  | **7,513** |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| **Timing of revenue recognition** |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| At a point in time | **4,185** |  | **4,851** |  | **2,634** |  | | **2,657** | |  | **8** |  | **5** |  | **6,827** |  | **7,513** |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Segment profit (loss) before income tax | (172) |  | (30) |  | (258) |  | | 142 | |  | (14) |  | (41) |  | (444) |  | 71 |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Interest income | 3 |  | 30 |  | - |  | | - | |  | - |  | - |  | 3 |  | 30 |
| Interest expense | (160) |  | (159) |  | (47) |  | | (40) | |  | - |  | (21) |  | (207) |  | (220) |
| Depreciation and amortisation | (86) |  | (110) |  | (137) |  | | (119) | |  | (10) |  | (9) |  | (233) |  | (238) |
| Share of profit (loss) of investments in associates | - |  | - |  | - |  | | - | |  | (1) |  | (1) |  | (1) |  | (1) |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Significant income and expenses |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| - Selling-related expenses | (169) |  | (164) |  | (34) |  | | (26) | |  | - |  | - |  | (203) |  | (190) |
| - Personnel-related expenses | (243) |  | (233) |  | (252) |  | | (248) | |  | (15) |  | (35) |  | (510) |  | (516) |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Investment in equity securities | 81 |  | 81 |  | - |  | | - | |  | 30 |  | 30 |  | 111 |  | 111 |
| Capital expenditure | 6 |  | 35 |  | 106 |  | | 371 | |  | 9 |  | 18 |  | 121 |  | 424 |
|  | Consolidated financial statements | | | | | | | | | | | | | | | | |
|  | Concentrated and prevulcanized latex | | |  | Latex products | | | | |  | Rubber plantation | | |  | Total | | |
|  | 2019 |  | 2018 |  | 2019 |  | | 2018 | |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| ***For the year ended 31 December*** | *(in million Baht)* | | | | | | | | | | | | | | | | |
|  |  |  |  |  |  |  | |  | |  |  |  |  |  |  |  |  |
| Reportable segment assets as at 31 December | 2,993 |  | 3,393 |  | 2,482 |  | | 2,558 | |  | 2,137 |  | 2,147 |  | 7,612 |  | 8,098 |
| Reportable segment liabilities as at 31 December | 4,029 |  | 4,206 |  | 1,448 |  | | 1,317 | |  | 149 |  | 137 |  | 5,626 |  | 5,660 |

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

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Revenues | | |  | Profit or loss | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in million Baht)* | | | | | | |
| Reportable segments | 8,318 |  | 8,644 |  | (441) |  | 154 |
| Other segments | 50 |  | 181 |  | - |  | - |
| Elimination of inter-segment transactions | (1,497) |  | (1,249) |  | (3) |  | (83) |
| **Total** | **6,871** |  | **7,576** |  | **(444)** |  | **71** |

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Assets | | |  | Liabilities | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in million Baht)* | | | | | | |
| Reportable segments | 10,892 |  | 11,335 |  | 7,022 |  | 7,017 |
| Elimination of inter-segment transactions | (3,280) |  | (3,237) |  | (1,396) |  | (1,357) |
| **Total** | **7,612** |  | **8,098** |  | **5,626** |  | **5,660** |

|  | **Consolidated financial statements** | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | | | |  | 2018 | | | | |
| ***Other material items*** | Reportable segment totals |  | Adjustments |  | Total |  | Reportable segment totals |  | Adjustments |  | Total |
|  | *(in million Baht)* | | | | | | | | | | |
| Interest income | 3 |  | (2) |  | 1 |  | 30 |  | (29) |  | 1 |
| Interest expense | 207 |  | (2) |  | 205 |  | 220 |  | (29) |  | 191 |
| Capital expenditure | 121 |  | - |  | 121 |  | 424 |  | - |  | 424 |
| Depreciation and amortisation | 233 |  | (1) |  | 232 |  | 238 |  | (1) |  | 237 |

***Geographical segments***

Segment 1, 2, and 3 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.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
| ***Geographical information*** | Revenues | | |  | Non-current assets | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in million Baht)* | | | | | | |
| Thailand | 2,507 |  | 3,130 |  | 5,202 |  | 5,300 |
| PRC | 2,586 |  | 2,437 |  | - |  | - |
| Republic of Korea | 131 |  | 207 |  | - |  | - |
| Other countries | 1,603 |  | 1,739 |  | 96 |  | 99 |
| Investments in equity - accounted investees | - |  | - |  | 111 |  | 111 |
| **Total** | **6,827** |  | **7,513** |  | **5,409** |  | **5,510** |
|  |  |  |  |  |  |  |  |
|  | Separate financial statements | | | | | | |
| ***Geographical information*** | Revenues | | |  | Non-current assets | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in million Baht)* | | | | | | |
| Thailand | 3,486 |  | 3,311 |  | 3,299 |  | 3,326 |
| PRC | 565 |  | 717 |  | - |  | - |
| Republic of Korea | 106 |  | 142 |  | - |  | - |
| Other countries | 1,137 |  | 1,530 |  | - |  | - |
| **Total** | **5,294** |  | **5,700** |  | **3,299** |  | **3,326** |
|  |  |  |  |  |  |  |  |

1. **Other income**

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Interest compensation |  | 15,315 |  | - |  | - |  | - |
| Rental income |  | 12,262 |  | 12,262 |  | 6,262 |  | 6,262 |
| Gain on foreign exchange |  | - |  | 20,962 |  | - |  | 1,301 |
| Interest income |  |  |  |  |  |  |  |  |
| - Related parties | *5* | - |  | - |  | 66 |  | 27,742 |
| - Other parties |  | 1,561 |  | 540 |  | 282 |  | 221 |
| Dividend income | *5* | - |  | - |  | - |  | 20,624 |
| Gain from reduction of share capital  of subsidiary |  | - |  | - |  | - |  | 62,000 |
| Gain on of fair value adjustment in  investment properties | *14* | - |  | 3,120 |  | - |  | 140 |
| Others |  | 14,533 |  | 26,024 |  | 5,967 |  | 5,662 |
| **Total** |  | **43,671** |  | **62,908** |  | **12,577** |  | **123,952** |

1. **Employee benefit expenses**

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Salary, wage and overtime expense |  | 432,048 |  | 429,803 |  | 199,850 |  | 193,533 |
| Others |  | 101,081 |  | 72,043 |  | 43,354 |  | 28,053 |
| **Total** |  | **533,129** |  | **501,846** |  | **243,204** |  | **221,586** |

*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** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Change in finished goods and work in process | (70,598) |  | (40,397) |  | 102,108 |  | 125,037 |
| Raw materials and supplies used | 3,507,655 |  | 3,586,089 |  | 3,903,531 |  | 4,005,255 |
| Purchase of finished goods | 862,933 |  | 825,165 |  | 587,648 |  | 681,917 |
| Depreciation and amortisation | 217,574 |  | 235,702 |  | 78,570 |  | 95,334 |
| Employee benefit expenses | 518,508 |  | 511,485 |  | 241,637 |  | 218,633 |
| Bad and doubtful accounts *(Note 7 and 8)* | 136,704 |  | - |  | - |  | - |
| Idle costs | 43,921 |  | 22,213 |  | 2,527 |  | 10,870 |

1. **Finance costs**

|  |  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| ***Interest expense:*** |  |  |  |  |  |  |  |  |
| Subsidiaries | *5* | - |  | - |  | 1,833 |  | 1,426 |
| Associate | *5* | 163 |  | 289 |  | - |  | - |
| Bank loans and overdrafts |  | 201,424 |  | 189,442 |  | 155,064 |  | 154,586 |
| **Total interest expense** |  | **201,587** |  | **189,731** |  | **156,897** |  | **156,012** |
| Other finance costs |  | 7,385 |  | 8,225 |  | 2,712 |  | 3,061 |
|  |  | **208,972** |  | **197,956** |  | **159,609** |  | **159,073** |
| *Less:* amounts included in the cost of qualifying assets: |  |  |  |  |  |  |  |  |
| - Property, plant and equipment under construction | *15* | (4,216) |  | (654) |  | - |  | (635) |
| - Rubber plantation development costs | *20* | - |  | (6,687) |  | - |  | - |
| **Net** |  | **204,756** |  | **190,615** |  | **159,609** |  | **158,438** |

1. **Income tax expense**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Income tax recognised in profit or loss** |  | Consolidated  financial statements | | | | | |  | Separate  financial statements | | | | | | | |
|  |  | 2019 | |  | 2018 | | |  | 2019 | | | |  | | 2018 | |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| **Current tax expense** |  |  | |  |  | | |  |  | | | |  | |  | |
| Current year |  | - | |  | 4,870 | | |  | - | | | |  | | - | |
| Over provided in prior year |  | - | |  | (4,941) | | |  | - | | | |  | | - | |
| **Total** |  | **-** | |  | **(71)** | | |  | **-** | | | |  | | **-** | |
|  |  |  | |  |  | | |  |  | | | |  | |  | |
| **Deferred tax expense** |  |  | |  |  | | |  |  | | | |  | |  | |
| Movements in temporary differences |  | 30,137 | |  | 9,040 | | |  | (4,548) | | | |  | | (11,975) | |
| **Total income tax expense** |  | **30,137** | |  | **8,969** | | |  | **(4,548)** | | | |  | | **(11,975)** | |
| ***Reconciliation of effective tax rate*** | | | Consolidated financial statements | | | | | | | | | | | | |
|  | | | 2019 | | | | | | |  | 2018 | | | | |
|  | | | *Rate*  *(%)* | | |  | *(in thousand Baht)* | | |  | *Rate*  *(%)* |  | | *(in thousand Baht)* | |
| Profit (loss) before income tax expense | | |  | | |  | (443,857) | | |  |  |  | | 71,279 | |
| Income tax using the Thai corporation tax rate | | | 20 | | |  | (88,771) | | |  | 20 |  | | 14,256 | |
| Effect of different tax rates in foreign jurisdictions | | |  | | |  | - | | |  |  |  | | 4,307 | |
| Income not subject to tax | | |  | | |  | - | | |  |  |  | | (20,714) | |
| Expenses not deductible for tax purposes | | |  | | |  | 47,917 | | |  |  |  | | 2,270 | |
| Current year losses for which no deferred tax  assets was recognised | | |  | | |  | 47,702 | | |  |  |  | | 11,868 | |
| Written-off unrecoverable deferred tax assets from  loss carry forward | | |  | | |  | 27,551 | | |  |  |  | | 3,311 | |
| Over provided in prior year | | |  | | |  | - | | |  |  |  | | (4,941) | |
| Others | | |  | | |  | (4,262) | | |  |  |  | | (1,388) | |
| **Net** | | |  | | |  | **30,137** | | |  |  |  | | **8,969** | |

|  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | |  | 2018 | | |
|  | *Rate*  *(%)* |  | *(in thousand Baht)* |  | *Rate*  *(%)* |  | *(in thousand Baht)* |
| Profit (loss) before income tax expense |  |  | (176,664) |  |  |  | 26,669 |
| Income tax using the Thai corporation tax rate | 20 |  | (35,333) |  | 20 |  | 5,334 |
| Income not subject to tax |  |  | - |  |  |  | (16,524) |
| Expenses not deductible for tax purposes |  |  | 1,014 |  |  |  | 451 |
| Current year losses for which no deferred tax  assets was recognised |  |  | 26,123 |  |  |  | - |
| Written-off unrecoverable deferred tax assets from  loss carry forward |  |  | 3,793 |  |  |  | - |
| Others |  |  | (145) |  |  |  | (1,236) |
| **Net** |  |  | **(4,548)** |  |  |  | **(11,975)** |

|  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Deferred tax*** | **Assets** | | |  | **Liabilities** | | |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 98,955 |  | 134,503 |  | (369,585) |  | (366,351) |
| Set off of tax | (98,955) |  | (119,771) |  | 98,955 |  | 119,771 |
| **Net deferred tax asset (liabilities)** | **-** |  | **14,732** |  | **(270,630)** |  | **(246,580)** |

|  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Deferred tax*** | **Assets** | | |  | **Liabilities** | | |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Total | 81,843 |  | 87,437 |  | (139,541) |  | (141,038) |
| Set off of tax | (81,843) |  | (87,437) |  | 81,843 |  | 87,437 |
| **Net deferred tax asset (liabilities)** | **-** |  | - |  | **(57,698)** |  | **(53,601**) |

Movements in total deferred tax assets and liabilities during the years ended 31 December 2019 and 2018 were as follows:

|  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / Credited to: | | |  |  |
|  | **At 1** |  |  |  | Other |  | **At 31** |
|  | **January** |  | Profit |  | Comprehensive |  | **December** |
|  | **2019** |  | or loss |  | income |  | **2019** |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Trade accounts receivable *(doubtful accounts)* | 26,706 |  | - |  | - |  | 26,706 |
| Property, plant and equipment  *(sales and leaseback)* | 20,455 |  | (7,864) |  | - |  | 12,591 |
| Employee benefit obligations | 11,074 |  | 5,213 |  | 2,825 |  | 19,112 |
| Other long-term investments  *(allowance for impairment loss)* | 3,760 |  | - |  | - |  | 3,760 |
| Others | 3,082 |  | (864) |  | - |  | 2,218 |
| Loss carry forward | 69,426 |  | (34,858) |  | - |  | 34,568 |
| **Total** | **134,503** |  | **(38,373)** |  | **2,825** |  | **98,955** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Property, plant and equipment  *(revaluation)* | (294,166) |  | 13,102 |  | (11,470) |  | (292,534) |
| Investment properties  *(revaluation)* | (64,551) |  | 1,291 |  | - |  | (63,260) |
| Others | (7,634) |  | (6,157) |  | - |  | (13,791) |
| **Total** | **(366,351)** |  | **8,236** |  | **(11,470)** |  | **(369,585)** |
| **Net** | **(231,848)** |  | **(30,137)** |  | **(8,645)** |  | **(270,630)** |

|  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / Credited to: | | |  |  |
|  | **At 1** |  |  |  | Other |  | **At 31** |
|  | **January** |  | Profit |  | Comprehensive |  | **December** |
|  | **2018** |  | or loss |  | income |  | **2018** |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Trade accounts receivable *(doubtful accounts)* | 26,835 |  | (129) |  | - |  | 26,706 |
| Property, plant and equipment  *(sales and leaseback)* | 28,534 |  | (8,079) |  | - |  | 20,455 |
| Employee benefit obligations | 13,434 |  | 338 |  | (2,698) |  | 11,074 |
| Other long-term investments  *(allowance for impairment loss)* | - |  | 3,760 |  | - |  | 3,760 |
| Others | 2,204 |  | 878 |  | - |  | 3,082 |
| Loss carry forward | 81,020 |  | (11,594) |  | - |  | 69,426 |
| **Total** | **152,027** |  | **(14,826)** |  | **(2,698)** |  | **134,503** |
|  |  |  |  |  |  |  |  |

|  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / Credited to: | | |  |  |
|  | **At 1** |  |  |  | Other |  | **At 31** |
|  | **January** |  | Profit |  | Comprehensive |  | **December** |
|  | **2018** |  | or loss |  | income |  | **2018** |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Property, plant and equipment  *(revaluation)* | (305,688) |  | 11,522 |  | - |  | (294,166) |
| Investment properties  *(revaluation)* | (62,816) |  | (1,735) |  | - |  | (64,551) |
| Others | (3,633) |  | (4,001) |  | - |  | (7,634) |
| **Total** | **(372,137)** |  | **5,786** |  | **-** |  | **(366,351)** |
| **Net** | **(220,110)** |  | **(9,040)** |  | **(2,698)** |  | **(231,848)** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | |
|  |  |  | (Charged) / Credited to: | | | |  |  |
|  | **At 1** |  |  | |  | Other |  | **At 31** |
|  | **January** |  | Profit | |  | Comprehensive |  | **December** |
|  | **2019** |  | or loss | |  | income |  | **2019** |
|  | *(in thousand Baht)* | | |  |  |  | | |
| ***Deferred tax assets*** |  |  |  | |  |  |  |  |
| Trade accounts receivable *(doubtful accounts)* | 26,706 |  | - | |  | - |  | 26,706 |
| Property, plant and equipment  *(sales and leaseback)* | 20,455 |  | (7,864) | |  | - |  | 12,591 |
| Employee benefit obligations | 7,448 |  | 4,101 | |  | 2,825 |  | 14,374 |
| Other long-term investments  *(allowance for impairment loss)* | 11,596 |  | - | |  | - |  | 11,596 |
| Others | 2,267 |  | (863) | |  | - |  | 1,404 |
| Loss carry forward | 18,965 |  | (3,793) | |  | - |  | 15,172 |
| **Total** | **87,437** |  | **(8,419)** | |  | **2,825** |  | **81,843** |
|  |  |  |  | |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  | |  |  |  |  |
| Property, plant and equipment  *(revaluation)* | (127,386) |  | 12,645 | |  | (11,470) |  | (126,211) |
| Investment properties  *(revaluation)* | (13,596) |  | 1,826 | |  | - |  | (11,770) |
| Others | (56) |  | (1,504) | |  | - |  | (1,560) |
| **Total** | **(141,038)** |  | **12,967** | |  | **(11,470)** |  | **(139,541)** |
| **Net** | **(53,601)** |  | **4,548** | |  | **(8,645)** |  | **(57,698)** |

|  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / Credited to: | | |  |  |
|  | **At 1** |  |  |  | Other |  | **At 31** |
|  | **January** |  | Profit |  | Comprehensive |  | **December** |
|  | **2018** |  | or loss |  | income |  | **2018** |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Trade accounts receivable *(doubtful accounts)* | 26,707 |  | (1) |  | - |  | 26,706 |
| Property, plant and equipment  *(sales and leaseback)* | 28,353 |  | (7,898) |  | - |  | 20,455 |
| Employee benefit obligations | 9,814 |  | 233 |  | (2,599) |  | 7,448 |
| Other long-term investments  *(allowance for impairment loss)* | - |  | 11,596 |  | - |  | 11,596 |
| Others | 1,960 |  | 307 |  | - |  | 2,267 |
| Loss carry forward | 20,960 |  | (1,995) |  | - |  | 18,965 |
| **Total** | **87,794** |  | **2,242** |  | **(2,599)** |  | **87,437** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Property, plant and equipment  *(revaluation)* | (137,567) |  | 10,181 |  | - |  | (127,386) |
| Investment properties  *(revaluation)* | (12,992) |  | (604) |  | - |  | (13,596) |
| Others | (213) |  | 157 |  | - |  | (56) |
| **Total** | **(150,772)** |  | **9,734** |  | **-** |  | **(141,038)** |
| **Net** | **(62,978)** |  | **11,976** |  | **(2,599)** |  | **(53,601)** |

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 | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Loss carry forward |  | 124,201 |  | 53,354 |  | 45,427 |  | 4,133 |
| **Total** |  | **124,201** |  | **53,354** |  | **45,427** |  | **4,133** |

The tax losses expire in 2020 - 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 2019 and 2018, 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. **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** | | | | | | | | | | |
|  | 2019 | | | | |  | 2018 | | | | |
|  | Promoted  businesses |  | Non-promoted businesses |  | Total |  | Promoted  businesses |  | Non-promoted businesses |  | Total |
|  | *(in million Baht)* | | | | | | | | | | |
| Export sales | 1,511 |  | 2,830 |  | 4,341 |  | 1,203 |  | 3,422 |  | 4,625 |
| Local sales | 129 |  | 2,357 |  | 2,486 |  | 471 |  | 2,417 |  | 2,888 |
| **Total revenue** | **1,640** |  | **5,187** |  | **6,827** |  | **1,674** |  | **5,839** |  | **7,513** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | | | |
|  | 2019 | | | | |  | 2018 | | | | | | |
|  | Promoted  businesses |  | Non-promoted businesses |  | Total |  | Promoted  businesses |  | Non-promoted businesses | |  | Total | |
|  | *(in million Baht)* | | | | | | | | | | | | |
| Export sales | - |  | 1,808 |  | 1,808 |  | - |  | | 2,389 |  | | 2,389 |
| Local sales | - |  | 3,486 |  | 3,486 |  | - |  | | 3,311 |  | | 3,311 |
| **Total revenue** | **-** |  | **5,294** |  | **5,294** |  | **-** |  | | **5,700** |  | | **5,700** |

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

The calculation of basic earnings (losses) per share for the years ended 31 December 2019 and 2018 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** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht/thousand shares)* | | | | | | |
| **Profit (losses) attributable to ordinary**  **shareholders of the Company** | **(351,723)** |  | **18,225** |  | **(172,116)** |  | **38,644** |
| Number of issued shares at  31 December | 681,480 |  | 681,480 |  | 681,480 |  | 681,480 |
| **Weighted average number of   ordinary shares outstanding** | **681,480** |  | **681,480** |  | **681,480** |  | **681,480** |
| **Basic earnings (losses) per share *(in Baht)*** | **(0.52)** |  | **0.03** |  | **(0.25)** |  | **0.06** |

1. **Dividends**

The shareholders of the Company have approved dividends as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Approval date | Payment schedule | Dividend rate per share |  | Amount |
|  |  |  | *(Baht)* |  | *(in million Baht)* |
| 2019 |  |  |  |  |  |
| Annual dividend | 26 April 2019 | May 2019 | 0.01 |  | 7 |
|  |  |  |  |  |  |
| 2018 |  |  |  |  |  |
| Annual dividend | 20 April 2018 | May 2018 | 0.04 |  | 27 |

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 21*). The Group/Company mitigates this risk by reviewing the interest rates in each period.

## 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** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | Maturity period | | | | | | |
| ***At 31 December*** | Effective  interest  rate |  | Within  1 year |  | After 1 year but within 5 years |  | After 5 years |  | Total |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2019*** |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts and short-term borrowings from financial institutions | 3.0 - 7.4 |  | 3,698,216 |  | - |  | - |  | 3,698,216 |
| Loans from related party | 4.0 |  | 3,100 |  | - |  | - |  | 3,100 |
| Loans from financial  institutions | MLR - 2 |  | 238,600 |  | 942,687 |  | - |  | 1,181,287 |
| Finance lease liabilities | 4.4 - 6.5 |  | 22,127 |  | 32,063 |  | - |  | 54,190 |
| **Total** |  |  | **3,962,043** |  | **974,750** |  | **-** |  | **4,936,793** |
|  |  |  |  | | | | | | |
| ***2018*** |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts and short-term borrowings from financial institutions | 3.0 - 7.4 |  | 3,623,105 |  | - |  | - |  | 3,623,105 |
| Loans from related party | 4.0 |  | 4,500 |  | - |  | - |  | 4,500 |
| Loans from financial  institutions | MLR-2 |  | 132,500 |  | 1,133,487 |  | 32,800 |  | 1,298,787 |
| Finance lease liabilities | 4.4 - 6.5 |  | 40,678 |  | 54,481 |  | - |  | 95,159 |
| **Total** |  |  | **3,800,783** |  | **1,187,968** |  | **32,800** |  | **5,021,551** |

|  | | | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | Maturity period | | | | | | |
| ***At 31 December*** | Effective  interest  rate |  | Within  1 year |  | After 1 year but within 5 years |  | After 5 years |  | Total |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2019*** |  |  |  |  |  |  |  |  |  |
| ***Financial assets*** |  |  |  |  |  |  |  |  |  |
| Loans to related party | - |  | 992,933 |  | - |  | - |  | 992,933 |
| **Total** |  |  | **992,933** |  | **-** |  | **-** |  | **992,933** |
|  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts and  short-term borrowings  from financial institutions | 3.0 - 7.4 |  | 2,906,703 |  | - |  | - |  | 2,906,703 |
| Loans from related parties | 3.9 |  | 47,000 |  | - |  | - |  | 47,000 |
| Loans from financial  institutions | MLR-2 |  | 105,000 |  | 726,250 |  | - |  | 831,250 |
| Finance lease liabilities | 4.4 - 6.5 |  | 20,886 |  | 30,216 |  | - |  | 51,102 |
| **Total** |  |  | **3,079,589** |  | **756,466** |  | **-** |  | **3,836,055** |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***2018*** |  |  |  |  |  |  |  |  |  |
| ***Financial assets*** |  |  |  |  |  |  |  |  |  |
| Loans to related party | - |  | 1,030,933 |  | - |  | - |  | 1,030,933 |
| **Total** |  |  | **1,030,933** |  | **-** |  | **-** |  | **1,030,933** |
|  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |
| Bank overdrafts and  short-term borrowings  from financial institutions | 3.0 - 7.4 |  | 2,974,032 |  | - |  | - |  | 2,974,032 |
| Loans from related parties | 3.9 |  | 47,000 |  | - |  | - |  | 47,000 |
| Loans from financial  institutions | MLR-2 |  | 82,500 |  | 816,250 |  | - |  | 898,750 |
| Finance lease liabilities | 4.4 - 6.5 |  | 39,313 |  | 51,403 |  | - |  | 90,716 |
| **Total** |  |  | **3,142,845** |  | **867,653** |  | **-** |  | **4,010,498** |

## ***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 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 | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
| ***United States Dollars*** | *(in million Baht)* | | | | | | |
| Trade accounts receivable | 509 |  | 545 |  | 183 |  | 245 |
| Other receivables | 4 |  | 5 |  | 4 |  | 5 |
| Trade accounts payable | - |  | (15) |  | - |  | - |
| Other payables | (2) |  | (31) |  | - |  | - |
|  |  |  |  |  |  |  |  |
| ***Myanmar Kyat*** |  |  |  |  |  |  |  |
| Cash and cash equivalents | - |  | 6 |  | - |  | - |
| Trade accounts payable | - |  | (3) |  | - |  | - |
|  |  |  |  |  |  |  |  |
| ***Euro*** |  |  |  |  |  |  |  |
| Trade accounts receivable | - |  | - |  | 1 |  | - |
|  |  |  |  |  |  |  |  |
| ***Chinese Yuan*** |  |  |  |  |  |  |  |
| Cash and cash equivalents | 45 |  | 57 |  | - |  | - |
| Trade accounts payable | (3) |  | - |  | - |  | - |
| Other payables | - |  | (11) |  | - |  | - |
| **Gross balance sheet exposure** | **553** |  | **553** |  | **188** |  | **250** |

***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. 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)* | | | | | | | | |
| **31 December 2019** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Forward exchange contract | - |  | - |  | 4,075 |  | - |  | 4,075 |
|  |  |  |  |  |  |  |  |  |  |
| **31 December 2018** |  |  |  |  |  |  |  |  |  |
| ***Current*** |  |  |  |  |  |  |  |  |  |
| Forward exchange contract | - |  | - |  | 8,227 |  | - |  | 8,227 |

***Financial instruments measured at fair value***

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

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  |  | **financial statements** | | |  | **financial statements** | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in million Baht)* | | | | | | |
| ***Capital commitments*** |  |  |  |  |  |  |  |  |
| *Contracted but not provided for*: |  |  |  |  |  |  |  |  |
| Machinery, buildings and construction in progress |  | 37 |  | 84 |  | - |  | - |
| **Total** |  | **37** |  | **84** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |  |
| ***Non-cancellable operating lease commitments:*** |  |  |  |  |  |  |  |  |
| Within 1 year |  | 5 |  | 14 |  | - |  | - |
| **Total** |  | **5** |  | **14** |  | **-** |  | **-** |
| ***Other commitments:*** |  |  |  |  |  |  |  |  |
| Bank guarantees |  | 16 |  | 16 |  | 10 |  | 11 |
| Forward exchange contract - buy |  | 26 |  | 6 |  | - |  | - |
| Forward exchange contract - sell |  | 505 |  | 334 |  | 141 |  | 96 |
| **Total** |  | **547** |  | **356** |  | **151** |  | **107** |

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

* + - The Group has entered into forward exchange contracts to sell USD 16.7 million *(2018: USD 10.1 million)* at the forward rate of Baht 30.0 - 30.8 per USD *(2018: 32.2 - 33.2 Baht per USD*). These contracts are due between 10 January 2020 to 5 November 2020 *(2018: 18 January 2019 to 18 December 2019)*. The Company has entered into forward exchange contracts to sell USD 4.6 million *(2018: USD 2.9 million)* at the forward rate of Baht 30.0 - 30.8 per USD *(2018: 32.2 - 33.2 Baht per USD)*. These contracts are due between 10 January 2020 to 3 July 2020 *(2018: 13 February 2019 to 18 June 2019)*.
    - The Group has entered into forward exchange contracts to buy USD 0.9 million *(2018: USD 0.2 million)* at the forward rate of Baht 30.2 - 31.2 per USD *(2018: 32.7 Baht per USD*). These contracts are due due between 21 January 2020 to 23 June 2020 *(2018: 18 March 2019).*
    - Commitments in respect of uncalled portion of investments of Baht 100 million *(2018: Baht 100 million).*
    - A subsidiary had outstanding commitments of approximately Baht 36.9 million *(2018: Baht 83.5 million)*, in respect of construction and installation contract of machinery and tools.
    - A subsidiary had outstanding commitments of approximately Baht 5.0 million *(2018: Baht 13.0 million)*, in respect of factory and warehouse rental.
    - 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 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 2019, there were outstanding bank guarantees of approximately Baht 16 million and 10 million, respectively *(2018: Baht 16 million and Baht 11 million, respectively)* issued by the banks on behalf of the Group and the Company, respectively, in respect of certain performances obligation as required in the normal course of their businesses.

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

New and revised TFRS, which are relevant to the Group’s/Company’s operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual 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 TFRS - Financial instruments standards 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 TFRS 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, with recognition exemptions for short-term leases and leases of low-value items. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.