

SRF Industries (Thailand) Limited

Financial statements for the year ended
31 March 2019
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of SRF Industries (Thailand) Limited

Opinion

I have audited the financial statements of SRF Industries (Thailand) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2019, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities ("TFRS for NPAEs").

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 4 May 2018.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

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

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
13 May 2019

SRF Industries (Thailand) Limited**Statement of financial position**

Assets	<i>Note</i>	31 March	
		2019	2018
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	4	103,966,837	66,126,031
Trade accounts receivable	5	513,579,144	478,455,857
Other receivables	6	81,809,621	110,016,526
Inventories	7	341,807,320	327,787,286
Input tax refundable		67,108,595	31,713,444
Other current assets		96,085	-
Total current assets		1,108,367,602	1,014,099,144
<i>Non-current assets</i>			
Property, plant and equipment	8	2,039,025,215	2,130,746,408
Deferred tax assets	9	15,802,905	15,124,080
Advance payment for purchase of property, plant and equipment		326,355,985	-
Other non-current assets		3,906,687	4,073,103
Total non-current assets		2,385,090,792	2,149,943,591
Total assets		3,493,458,394	3,164,042,735

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

SRF Industries (Thailand) Limited

Statement of financial position

Liabilities and equity	Note	31 March	
		2019	2018
		<i>(in Baht)</i>	
Current liabilities			
Trade accounts payable	10	1,058,588,014	773,016,377
Other payables	11	171,056,375	152,508,876
Current portion of long-term loans from financial institutions	12	191,285,684	188,437,800
Other current liabilities		19,540,217	1,574,632
Total current liabilities		1,440,470,290	1,115,537,685
Non-current liabilities			
Long-term loans from financial institutions	12	-	280,198,375
Long-term loans from parent company	12	689,545,600	866,140,541
Employee benefit obligations	13	51,434,564	40,938,549
Total non-current liabilities		740,980,164	1,187,277,465
Total liabilities		2,181,450,454	2,302,815,150
Equity			
Share capital:	14		
Authorised share capital		100,000,300	100,000,300
Issued and paid-up share capital		100,000,300	100,000,300
Retained earnings:			
Unappropriated		1,227,639,814	761,227,285
Other components of equity		(15,632,174)	-
Total equity		1,312,007,940	861,227,585
Total liabilities and equity		3,493,458,394	3,164,042,735

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

SRF Industries (Thailand) Limited**Statement of income**

		31 March	
	<i>Note</i>	2019	2018
		<i>(in Baht)</i>	
<i>Income</i>			
Revenue from sale of goods	18	3,845,771,209	3,214,428,409
Net foreign exchange gain		-	140,504,803
Other income		38,670,616	18,735,125
Total income		3,884,441,825	3,373,668,337
<i>Expenses</i>			
Cost of sale of goods	7	3,136,359,777	2,734,380,404
Selling expenses	15	98,436,985	111,839,210
Administrative expenses	16	113,687,436	155,591,696
Net foreign exchange loss		18,833,086	-
Total expenses		3,367,317,284	3,001,811,310
Profit before finance costs and income tax expense			
		517,124,541	371,857,027
Finance costs		47,482,794	61,738,252
Profit before income tax expense		469,641,747	310,118,775
Income tax expense (income)	17	3,229,218	(1,666,425)
Profit for the year		466,412,529	311,785,200

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

SRF Industries (Thailand) Limited

Statement of changes in equity

	Retained earnings			Total equity
	Issued and paid-up share capital	Unappropriated	Other components of equity	
	<i>(in Baht)</i>			
Year ended 31 March 2018				
Balance at 31 March 2017	100,000,300	449,442,085	-	549,442,385
Profit for the year	-	311,785,200	-	311,785,200
Balance at 31 March 2018	100,000,300	761,227,285	-	861,227,585
Year ended 31 March 2019				
Balance at 31 March 2018	100,000,300	761,227,285	-	861,227,585
Profit for the year	-	466,412,529	-	466,412,529
Other components of equity:				
Unrealised losses on cash flow hedges	-	-	(15,632,174)	(15,632,174)
Balance at 31 March 2019	100,000,300	1,227,639,814	(15,632,174)	1,312,007,940

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

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For the year ended 31 March 2019

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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 directors on 13 May 2019.

1 General information

SRF Industries (Thailand) Limited, the “Company”, is incorporated in Thailand and has registered office at 3 Map Ta Phut Industrial Estate, I-1 Road, Tambol Map Ta Phut, Amphur Muang, Rayong, 21150 Thailand.

The immediate parent company during the financial year was SRF Global B.V., which was incorporated in Netherlands.

The principal businesses of the Company are manufacture and distribution of Tyre Cord and Packaging Films and distribution of Refrigerant chemical.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs) and guidelines promulgated by the Federation of Accounting Professions.

In addition, the Company has complied with Thai Financial Reporting Standards for Publicly Accountable Entities as follow:

TFRS	Topic
TAS12 (revised 2017)	Income Tax

New and revised TFRS are effective for annual accounting periods beginning on or after 1 April 2019 have not been adopted in the preparation of these financial statements. The revised TFRS that is relevant to the Company’s operations is as follow:

TFRS	Topic
TAS12 (revised 2018)	Income Tax

Management expects to adopt and apply these revised TFRS in accordance with the Federation of Accounting Professions’ announcement and has made a preliminary assessment of the potential initial impact on the Company’s financial statements of the revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

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

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Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 3(n) Current and deferred taxation
Note 13 Measurement of defined benefit obligations

3 Significant accounting policies

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

(a) Foreign currency

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(b) Derivatives

Derivatives are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 3(c)).

The fair value of interest rate swaps is based on broker quotes at the reporting date. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

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(c) Hedging

Fair value hedges

Where a derivative hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognised immediately in profit or loss.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

For hedges of forecast transactions that result in the recognition of a non-financial asset or non-financial liability, the gain or loss recognised in other comprehensive income is for hedges of forecast transactions that result in the recognition of a non-financial asset or non-financial liability, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

(e) Trade and other accounts receivable

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

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

Bad debts recovered are recognised in other income in the statement of income.

(f) Inventories

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

Cost is calculated using weighted average cost principle and comprises all costs of purchase 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.

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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.

(g) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and losses on decline in value.

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 (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in are recognised net in the statement of income.

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 Company, 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 the statement of income 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 the statement of income 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:

Leasehold improvement	30 years
Buildings and building improvement	30 - 40 years
Machinery and equipment	3 - 30 years
Furniture, fixtures and office equipment	3 - 15 years
Motor vehicles	5 years

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

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(h) *Losses on decline in value*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised in the statement of income.

(i) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the term of the borrowings on an effective interest basis.

(j) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(k) *Provisions*

A provision is recognised if, as a result of a past event, the 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 the best estimate method.

Employee benefits

Obligations for retired benefits and other long-term employee benefits are recognised using the best estimate method at the reporting date.

(l) *Revenue*

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

Sale of goods

Revenue is recognised in the statement of income 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.

Interest and other income

Interest and other income is recognised in the statement of income as it accrues.

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(m) Expenses

Lease payments

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease.

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

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred.

(n) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in the statement of income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates 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 Company 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 Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company 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. 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.

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For the year ended 31 March 2019

4 Cash and cash equivalents

	2019	2018
	<i>(in thousand Baht)</i>	
Cash on hand	1,678	186
Cash at banks - current accounts	53,835	18,848
Cash at banks - savings accounts	48,454	47,092
Total	<u>103,967</u>	<u>66,126</u>

5 Trade accounts receivable

	2019	2018
	<i>(in thousand Baht)</i>	
Related parties	2,310	1,417
Other parties	514,631	507,096
Less allowance for doubtful accounts	<u>(3,362)</u>	<u>(30,057)</u>
	<u>513,579</u>	<u>478,456</u>
 (Reversal of) bad and doubtful debts expense for the year - net	 <u>(28,390)</u>	 <u>1,102</u>

6 Other Receivables

	2019	2018
	<i>(in thousand Baht)</i>	
Related parties	-	691
Advance payment to supplier	72,284	89,915
Other	<u>9,526</u>	<u>19,411</u>
	<u>81,810</u>	<u>110,017</u>

7 Inventories

	2019	2018
	<i>(in thousand Baht)</i>	
Finished goods	106,272	77,041
Work in progress	49,479	72,804
Raw materials	100,332	51,148
Supplies	44,871	74,067
Goods in transit	<u>45,627</u>	<u>57,501</u>
	<u>346,581</u>	<u>332,561</u>
Less allowance for decline in value	<u>(4,774)</u>	<u>(4,774)</u>
Net	<u>341,807</u>	<u>327,787</u>
 Inventories recognised as an expense in 'cost of sales of goods'		
- Cost	3,136,360	2,734,380
- Write-down to net realisable value	-	-
- Reversal of write-down	-	-
Net total	<u>3,136,360</u>	<u>2,734,380</u>

SRF Industries (Thailand) Limited
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8 Property, plant and equipment

	Land	Leasehold improvement	Buildings and building improvement	Vehicles <i>(in thousand Baht)</i>	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Total
<i>Cost</i>								
At 1 April 2017	124,000	33,986	776,620	5,255	4,344,261	65,457	-	5,349,579
Additions	-	-	-	-	3,055	1,139	27,051	31,245
Transfers	-	-	110	-	22,782	1,197	(24,089)	-
Disposals	-	-	-	(1,540)	(1,693)	-	-	(3,233)
At 31 March 2018 and 1 April 2018	124,000	33,986	776,730	3,715	4,368,405	67,793	2,962	5,377,591
Additions	-	-	-	-	569	438	73,809	74,816
Transfers	-	-	258	-	8,566	528	(9,352)	-
Disposals	-	-	-	-	(666)	(10,923)	-	(11,589)
At 31 March 2019	124,000	33,986	776,988	3,715	4,376,874	57,836	67,419	5,440,818
<i>Depreciation</i>								
At 1 April 2017	-	13,530	434,413	3,521	2,571,090	56,233	-	3,078,787
Depreciation charged for the year	-	977	18,801	476	147,150	3,811	-	171,215
Disposal	-	-	-	(1,540)	(1,617)	-	-	(3,157)
At 31 March 2018 and 1 April 2018	-	14,507	453,214	2,457	2,716,623	60,044	-	3,246,845
Depreciation charged for the year	-	977	18,817	423	143,266	3,053	-	166,536
Disposal	-	-	-	-	(665)	(10,923)	-	(11,588)
At 31 March 2019	-	15,484	472,031	2,880	2,859,224	52,174	-	3,401,793
<i>Net book value</i>								
At 31 March 2018	124,000	19,479	323,516	1,258	1,651,782	7,749	2,962	2,130,746
At 31 March 2019	124,000	18,502	304,957	835	1,517,650	5,662	67,419	2,039,025

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The Company has mortgaged its land, and buildings and pledged majority of machineries gross amount of approximately Baht 1,820 million (2018: Baht 1,820 million) to secure the credit facilities granted by the financial institutions.

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 March 2019 amounted to Baht 652 million (2018: Baht 104 million).

9 Deferred tax

Deferred tax assets as at 31 March 2019 and 2018 were as follows:

	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
Deferred tax assets	<u>15,803</u>	<u>15,124</u>

Movements in totals deferred tax assets during the year were as follows:

	At 1 April 2018	Charged/(credited) to; Other statement Component of income of equity <i>(note 17)</i> <i>(in thousand Baht)</i>		At 31 March 2019
<i>Deferred tax assets</i>				
Accounts receivable	6,012	(5,340)	-	672
Inventories	955	-	-	955
Employee benefit obligation	8,157	2,130	-	10,287
Cash flow hedge reserve	-	(19)	3,908	3,889
Total	<u>15,124</u>	<u>(3,229)</u>	<u>3,908</u>	<u>15,803</u>

	At 1 April 2017	Charged/(credited) to statement of income <i>(note 17)</i> <i>(in thousand Baht)</i>		At 31 March 2018
<i>Deferred tax assets</i>				
Accounts receivable	6,584	(572)		6,012
Inventories	955	-		955
Employee benefit obligation	5,919	2,238		8,157
Total	<u>13,458</u>	<u>1,666</u>		<u>15,124</u>

Deferred tax asset has not been recognised in respect of the following item:

	2019 <i>(in thousand Baht)</i>	2018 <i>(in thousand Baht)</i>
Tax losses	<u>455,621</u>	<u>555,113</u>
Total	<u>455,621</u>	<u>555,113</u>

Deferred tax asset from tax losses has not been recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

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10 Trade payables

	2019	2018
	<i>(in thousand Baht)</i>	
Related parties	25,578	41,269
Other parties	<u>1,033,010</u>	<u>731,747</u>
	<u>1,058,588</u>	<u>773,016</u>

11 Other payables

	2019	2018
	<i>(in thousand Baht)</i>	
Related parties-others	-	403
Related parties-accrued interest expense	108,039	84,615
Accrued interest expense-financial institutions	17,841	5,259
Accrued expense	32,045	40,045
Advance from customer	2,260	1,166
Others	<u>10,871</u>	<u>21,021</u>
	<u>171,056</u>	<u>152,509</u>

12 Interest-bearing liabilities

	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
<i>Current</i>			
Secured current portion of long-term loans from financial institutions	(a)	<u>191,286</u>	<u>188,438</u>
Total current interest-bearing liabilities		<u>191,286</u>	<u>188,438</u>
<i>Non-current</i>			
Secured long-term loans from financial institutions	(a)	-	280,198
Long-term borrowings from parent company	(b)	<u>689,546</u>	<u>866,141</u>
Total non-current interest-bearing liabilities		<u>689,546</u>	<u>1,146,339</u>

- (a) The balances represent loan from oversea financial institution, with the total credit facilities amounting to USD 45 million, which bears interest rate at LIBOR plus margin per annum. The loan is repayable in 15 equal semi-annually instalments of USD 3 million, from December 2014 to December 2021. The loan is secured by the mortgage of the Company's land, and buildings and the pledge of machineries.

The loan agreement contains covenants and restrictions imposed by the lender such as the dividend payment.

- (b) The balances represent long-term loans from parent company of which comprised credit facilities under numerous agreements totalling USD 27.7 million. The loans bear interest rate at LIBOR plus margin per annum. The loans are repayable whenever the Company fulfils the conditions stipulated in the long-term loan agreements made with financial institution. The loans are unsecured.

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The periods to maturity of interest-bearing liabilities as at 31 March were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
Within one year	191,286	188,438
After one year but within five years	689,546	1,146,339
Total	<u>880,832</u>	<u>1,334,777</u>

13 Employee benefit obligations

	Retirement benefit
At 1 April 2017	29,597
Provisions made	11,342
At 31 March 2018 and 1 April 2018	<u>40,939</u>
Provisions made	15,010
Provision used	(4,514)
At 31 March 2019	<u>51,435</u>

The provisions represent the Company's obligations payable to its employees when they reach a retirement age. They are determined based on the employee's age, length of employment services and salary increase rate, among other things.

14 Share capital

	Par value per share <i>(in Baht)</i>	2019		2018	
		Number	Amount	Number	Amount
			<i>(shares/Baht)</i>		
<i>Authorised</i>					
At 1 April 2019 and 2018					
- ordinary shares	100	<u>1,000,003</u>	<u>100,000,300</u>	<u>1,000,003</u>	<u>100,000,300</u>
At 31 March					
- ordinary shares	100	<u>1,000,003</u>	<u>100,000,300</u>	<u>1,000,003</u>	<u>100,000,300</u>
<i>Issued and paid-up</i>					
At 1 April 2018 and 2017					
- ordinary shares	100	<u>1,000,003</u>	<u>100,000,300</u>	<u>1,000,003</u>	<u>100,000,300</u>
At 31 March					
- ordinary shares	100	<u>1,000,003</u>	<u>100,000,300</u>	<u>1,000,003</u>	<u>100,000,300</u>

15 Selling expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Sales commission	4,841	8,703
Distribution expenses	92,278	102,186
Others	1,318	950
Total	<u>98,437</u>	<u>111,839</u>

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16 Administrative expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Personnel expenses	79,774	83,209
Inter-company service expenses	19,186	16,146
Depreciation and amortization	6,988	7,984
Professional services	6,874	5,764
(Reversal of) bad and doubtful debts expenses	(28,390)	1,102
Others	29,255	41,387
Total	<u>113,687</u>	<u>155,592</u>

17 Income tax expense

	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Current tax expense			
Current year		-	-
Deferred tax expense			
Movements in temporary differences	9	<u>3,229</u>	<u>(1,666)</u>
Total		<u>3,229</u>	<u>(1,666)</u>

Income tax recognised in other component of equity

	2019	2018		2019	2018	
	Before	Tax	Net of	Before	Tax	Net of
	tax	(expense)	tax	tax	(expense)	tax
		benefit			benefit	
	<i>(in million Baht)</i>					
Cash flow hedges	<u>19,540</u>	<u>(3,908)</u>	<u>15,632</u>	-	-	-
Total	<u>19,540</u>	<u>(3,908)</u>	<u>15,632</u>	-	-	-

Reconciliation of effective tax rate

	2019		2018	
	<i>Rate</i>	<i>(in</i>	<i>Rate</i>	<i>(in</i>
	<i>(%)</i>	<i>thousand</i>	<i>(%)</i>	<i>thousand</i>
		<i>Baht)</i>		<i>Baht)</i>
Profit before income tax expense		469,642		310,119
Income tax using the Thai corporation tax rate	20.00	93,928	20.00	62,024
Income tax reduction - tax privileges		(75,795)		(60,793)
Income not subject to tax		-		(338)
Utilisation of previously unrecognised tax losses		(14,904)		(2,559)
Total	<u>0.69</u>	<u>3,229</u>	<u>(0.54)</u>	<u>(1,666)</u>

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18 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to manufacture of plastic product or plastic coat, pursuant to the promotion certificate No. 1212(2)/2555 issued on 20 February 2012. The privileges granted include:

- (a) 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 (8 July 2013);
- (b) 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 (a) above; and
- (c) an exemption from payment of import duty on machinery as approved by the Board of Investment.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	2019			2018		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	1,465,763	1,353,937	2,819,700	1,261,481	1,193,970	2,455,451
Local sales	718,791	307,280	1,026,071	525,999	232,978	758,977
Total Revenue	2,184,554	1,661,217	3,845,771	1,787,480	1,426,948	3,214,428

19 Commitments

	2019	2018
	<i>(in million Baht)</i>	
Capital commitments		
<i>Contracted but not provided for:</i>		
Buildings and other constructions	13	-
Machinery and equipment	779	-
Total	792	-
Non-cancellable operating lease commitments		
Within one year	15	7
After one year but within five years	5	8
Total	20	15

In 1990, the Company entered into an operating lease agreement for land at Map Ta Phut Industrial estate with Industrial Estate Authority of Thailand for a period of thirty years. The agreement is renewable for a period of twenty years. Under the terms of the agreement, the Company is committed to make an annual rental payment of approximately Baht 4 million. The rental is subject to escalation adjustment every ten years.

The Company has entered into several lease agreements in respect of the lease of land, office building space, motor vehicles and equipment. The terms of the Company's lease agreements are generally between 1 and 4 years.

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	2019	2018
	<i>(in million Baht)</i>	
Other commitments		
Bank guarantees	30	30
Total	<u>30</u>	<u>30</u>

As at 31 March 2019 and 2018, the Company had letters of guarantee issued by a financial institution for electricity use, land lease and natural gas purchases.

Financial derivatives

Foreign exchange contract outstanding is summarised as below.

As at 31 March 2019			
<u>Purchase</u>	<u>Sell</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
USD 0.5 million	THB15.8 million	31.75	June 2019
EUR 17.5 million	USD 20.6 million	1.14	August - November 2019
As at 31 March 2018			
<u>Purchase</u>	<u>Sell</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
USD 0.1 million	THB 2.3 million	31.38 – 32.11	July 2018

20 Events after the reporting period

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 Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the first quarter of financial year 2020.

21 Reclassification of accounts

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements because, in the opinion of management, the new classification is more appropriate to the Company's business.

	2018		
	Before reclass.	Reclass. <i>(in thousand Baht)</i>	After reclass.
Statement of financial position			
Trade and other receivables	584,779	(584,779)	-
Trade accounts receivable	-	478,456	478,456
Other receivables	-	110,017	110,017
Other current assets	3,694	(3,694)	-
Trade and other payables	919,340	(919,340)	-
Trade accounts payable	-	773,016	773,016
Other payable	-	152,509	152,509
Other current liabilities	7,760	<u>(6,185)</u>	1,575
		<u>-</u>	