

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying consolidated and separate financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiary companies (the Group) and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED only (the Company) respectively, which comprise the consolidated and separate statements of financial positions as at December 31, 2017, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and the consolidated and separate notes to financial statements including a summary of significant accounting policies and other explanatory notes.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiary companies and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED only respectively as at December 31, 2017, and of their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 Group and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate 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.

Emphasis of matter and event

I draw attention to the note to financial statements No. 2.1 the Group and the Company incurred a net loss for the year ended December 31, 2017 in the consolidated financial statements amount of Baht 1,419.99 million and in the separate financial statements amount of Baht 1,324.58 million and as at December 31, 2017 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,079.24 million and amount of Baht 1,733.27 million and total liabilities exceeded total assets by amount of Baht 1,294.06 million and amount of Baht 1,266.54 million respectively. These conditions, along with other matters as set forth in note to financial statements No. 2.2, 16, 18, 19, 20 and 29 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern. My opinion is not qualified in respect of these matters.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

1. Allowance for doubtful accounts

The adequacy of allowance for doubtful accounts is one of key matters that the management is required to make significant judgement. Determination the recoverable amount which is an inherently uncertainty involving various assumption and factors including the current financial status of receivables, aging of receivable and the payment historical data. As aforementioned matter is significant to the financial statements and involves a significant management judgment and various assumptions applied; therefore, I have determined as a key audit matter. The accounting policies and details of allowance of doubtful accounts were disclosed in note to financial statements No. 4.2, 7, 8 and 10.

How my audit addressed the key audit matter

I assessed and tested the internal controls of the Company relevant to the determination of allowance for doubtful debts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included gaining an understanding of the basis applied in determining the allowance for doubtful debts and reviewing the consistency of the application of that basis. I reviewed the preparation of the accounts receivable aging report and tested the calculation of allowance for doubtful debt in accordance with these policies, reviewing subsequent collections, especially receipt from long outstanding receivable, reviewing any disputed receivable and any receivable which has legal proceeding. In addition, I reviewed the meeting minutes with respect to the debtor monitoring to consider an indicator and reviewed the provisions set aside for specific trade receivables.

2. Provision for diminution in value of inventory

The Company shall report the value of the inventories at the lower of cost or net realizable value. Determining the net realizable value of inventories is an area requiring significant management judgment. This is because the major products of the Company are rolled steel, steel pipes and steel bars which is a commodity product whose prices depends on market prices and also based on domestic supply and demand. Therefore, there is a risk with respect to the amount of provision set aside for diminution in the value of inventory; this is focus area in my audit. The accounting policies and details of allowance for diminution in value of inventory were disclosed in note to financial statements No. 4, 6, 9 and 10.

How my audit addressed the key audit matter

I assessed the method and gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis. Apart from this, my procedures included testing the calculation of the measurement of net realizable value of inventories by comparing the cost of inventories against net realizable value and examined supporting documents on a sampling basis for actual sales transactions occurring after the period-end.

Other matters

The consolidated and separate financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiaries and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED respectively, for the year ended December 31, 2016, which presented for comparative information purposes, were audited by another auditor in the same audit firm, who expressed an unqualified opinion on those financial statements in her report dated February 27, 2017, while drawing attention regarding material uncertainty to the ability of the Group's and the Company's to continue as a going concern.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report, is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 Thai Standards on Auditing 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 consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:-

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance 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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is

SAM NAK-NGAN A.M.C. Co., Ltd.

(Mr. Naris Saowalagsakul)

Certified Public Accountant Registration No. 5369

Bangkok,

February 27, 2018

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	2017	2016	2017	2016
<u>Assets</u>					
Current assets					
Cash and cash equivalents items	6	128,561,997.20	181,863,110.25	126,672,560.38	179,559,676.23
Trade and other receivable	5.1 and 7	335,286,592.37	1,305,828,916.66	219,592,607.35	1,160,250,944.83
Short-term loans to related parties	5.1	-	-	391,600,000.00	389,200,000.00
Short-term loans to other person	8	-	30,000,000.00	-	30,000,000.00
Inventories	9	88,537,046.69	116,750,215.53	65,498,876.82	79,029,322.84
Advance payment for goods	5.1 and 10	451,148.61	203,393,689.19	67,336,448.59	206,664,717.23
Total current assets		552,836,784.87	1,837,835,931.63	870,700,493.14	2,044,704,661.13
Non-current assets					
Bank deposit pledged as collateral		3,833,925.90	3,799,060.52	1,931,431.34	1,913,626.37
Investment in subsidiaries	11	-	-	208,056,070.29	305,073,920.84
Investment in associate	12	165,875,613.11	177,360,420.69	198,477,611.48	198,477,611.48
Investment property	13	7,006,140.45	7,926,449.18	7,006,140.45	7,926,449.18
Property, plant and equipment	14	686,925,025.67	752,415,067.13	52,571,270.34	60,994,601.81
Other non-current assets		2,849,318.06	2,887,699.54	238,005.00	260,836.70
Total non-current assets		866,490,023.19	944,388,697.06	468,280,528.90	574,647,046.38
Total assets		1,419,326,808.06	2,782,224,628.69	1,338,981,022.04	2,619,351,707.51

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	2017	2016	2017	2016
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Short-term loans from financial institutions	16	16,000,000.00	20,000,000.00	16,000,000.00	20,000,000.00
Trade and other payable	5.1 and 17	293,274,847.07	275,760,992.97	265,164,806.00	270,422,933.52
Short-term loans from other persons and parties	18	125,000,000.00	133,481,503.27	125,000,000.00	133,481,503.27
Debentures	19	1,230,000,000.00	1,224,917,030.54	1,230,000,000.00	1,224,917,030.54
Liabilities under debt restructuring agreement	20	967,804,171.79	910,888,464.90	967,804,171.79	910,888,464.90
Total current liabilities		2,632,079,018.86	2,565,047,991.68	2,603,968,977.79	2,559,709,932.23
Non-current liabilities					
Employee benefit obligations	21	3,428,694.76	3,289,024.72	1,552,243.04	1,604,087.00
Deferred tax liabilities	22	77,883,924.46	87,958,623.58	-	-
Total non-current liabilities		81,312,619.22	91,247,648.30	1,552,243.04	1,604,087.00
Total liabilities		2,713,391,638.08	2,656,295,639.98	2,605,521,220.83	2,561,314,019.23
Shareholders' equity					
Share capital	23				
Authorized share capital					
9,600,000,000 ordinary shares @ Baht 1.00		9,600,000,000.00	9,600,000,000.00	9,600,000,000.00	9,600,000,000.00
Issued and paid-up share capital					
3,115,268,236 ordinary shares @ Baht 1.00		3,115,268,236.00	3,115,268,236.00	3,115,268,236.00	3,115,268,236.00
Discount on share capital		(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)
Deficit		(3,498,144,407.55)	(2,180,053,623.75)	(3,318,985,458.18)	(1,994,407,571.11)
Other component of shareholders' equity		73,689,101.23	73,689,101.23	-	-
Total shareholders' equity of the Company		(1,372,010,046.93)	(53,919,263.13)	(1,266,540,198.79)	58,037,688.28
Non-controlling interests		77,945,216.91	179,848,251.84	-	-
Total shareholders' equity		(1,294,064,830.02)	125,928,988.71	(1,266,540,198.79)	58,037,688.28
Total liabilities and shareholder's equity		1,419,326,808.06	2,782,224,628.69	1,338,981,022.04	2,619,351,707.51

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	2017	2016	2017	2016
Revenue					
Revenue from sales		666,883,865.01	3,215,283,641.24	604,735,164.42	2,940,887,475.92
Other incomes		15,485,623.02	13,514,957.27	29,199,769.32	44,679,886.45
Total revenues		682,369,488.03	3,228,798,598.51	633,934,933.74	2,985,567,362.37
Expenses					
Cost of sales	9	702,406,543.06	3,092,703,478.79	587,490,288.03	2,787,831,564.39
Selling expenses		10,986,513.64	4,315,345.20	7,060,735.18	1,592,343.65
Administrative expenses		63,185,137.44	59,342,786.81	48,972,565.11	48,136,961.20
Loss on impairment of investment in subsidiary		-	-	97,017,850.55	61,062,330.30
Doubtful accounts	7, 8 and 10	1,130,253,820.04	1,100,753,734.91	1,023,900,100.82	1,058,445,892.19
Directors and Management's benefits	5.3	11,012,594.11	10,162,475.90	11,012,594.11	10,162,475.90
Finance cost		183,129,914.73	156,137,953.13	183,058,687.01	156,226,578.12
Total expenses		2,100,974,523.02	4,423,415,774.74	1,958,512,820.81	4,123,458,145.75
Loss before share of loss on investment in associate and income tax		(1,418,605,034.99)	(1,194,617,176.23)	(1,324,577,887.07)	(1,137,890,783.38)
Share of loss on investment in associate		(11,463,482.86)	(11,920,930.51)	-	-
Loss before income tax		(1,430,068,517.85)	(1,206,538,106.74)	(1,324,577,887.07)	(1,137,890,783.38)
Income tax revenue	26	10,074,699.12	5,544,537.82	-	-
Loss for the year		(1,419,993,818.73)	(1,200,993,568.92)	(1,324,577,887.07)	(1,137,890,783.38)
Other comprehensive income					
Item that will not be reclassified to profit or loss					
Actuarial losses arising from defined benefit plan		-	(1,418,673.93)	-	(333,106.93)
Income tax on other comprehensive income		-	-	-	-
Share of other comprehensive loss of associate		-	(359,244.17)	-	-
Other comprehensive income for the year		-	(1,777,918.10)	-	(333,106.93)
Total comprehensive income for the year		(1,419,993,818.73)	(1,202,771,487.02)	(1,324,577,887.07)	(1,138,223,890.31)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Loss for the year attributable to :					
Equity holders of the Company		(1,318,090,783.80)	(1,144,829,748.20)	(1,324,577,887.07)	(1,137,890,783.38)
Non-controlling interests of the subsidiaries		(101,903,034.93)	(56,163,820.72)	-	-
		(1,419,993,818.73)	(1,200,993,568.92)	(1,324,577,887.07)	(1,137,890,783.38)
Total comprehensive income attributable to :					
Equity holders of the Company		(1,318,090,783.80)	(1,146,085,442.81)	(1,324,577,887.07)	(1,138,223,890.31)
Non-controlling interests of the subsidiaries		(101,903,034.93)	(56,686,044.21)	-	-
		(1,419,993,818.73)	(1,202,771,487.02)	(1,324,577,887.07)	(1,138,223,890.31)
Basic loss per share					
Equity holders of the Company	27	(0.42)	(0.47)	(0.43)	(0.46)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2017

(Unit : Baht)

	Note	Issued and paid - up share capital	Discount on share capital	Deficit	Other component of shareholders'equity				
					Other Changes resulting from shareholders				
					Surplus from change in equity interest in subsidiary company	Total Other component shareholders'equity	Total shareholders'equity of the Company	Total Non - controlling interests	Total shareholders' equity
Balance as at January 1, 2016		2,400,000,000.00	(562,135,211.41)	(1,033,968,180.94)	73,720,978.69	73,720,978.69	877,617,586.34	235,527,411.09	1,113,144,997.43
Loss for the year		-	-	(1,144,829,748.20)	-	-	(1,144,829,748.20)	(56,163,820.72)	(1,200,993,568.92)
Other comprehensive income		-	-	(1,255,694.61)	-	-	(1,255,694.61)	(522,223.49)	(1,777,918.10)
Total comprehensive income for the year		-	-	(1,146,085,442.81)	-	-	(1,146,085,442.81)	(56,686,044.21)	(1,202,771,487.02)
Increased ordinary capital shares	23	715,268,236.00	(500,687,765.20)	-	-	-	214,580,470.80	-	214,580,470.80
Increase on non-controlling interests		-	-	-	-	-	-	975,007.50	975,007.50
Discount from changed in shareholding in the subsidiary		-	-	-	(31,877.46)	(31,877.46)	(31,877.46)	31,877.46	-
Ending balance as at December 31, 2016		3,115,268,236.00	(1,062,822,976.61)	(2,180,053,623.75)	73,689,101.23	73,689,101.23	(53,919,263.13)	179,848,251.84	125,928,988.71
Loss for the year		-	-	(1,318,090,783.80)	-	-	(1,318,090,783.80)	(101,903,034.93)	(1,419,993,818.73)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	(1,318,090,783.80)	-	-	(1,318,090,783.80)	(101,903,034.93)	(1,419,993,818.73)
Ending balance as at December 31, 2017		3,115,268,236.00	(1,062,822,976.61)	(3,498,144,407.55)	73,689,101.23	73,689,101.23	(1,372,010,046.93)	77,945,216.91	(1,294,064,830.02)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2017

(Unit : Baht)

		Issued and paid-up	Discount		
	Note	share capital	on share capital	Deficit	Total
Balance as at January 1, 2016		2,400,000,000.00	(562,135,211.41)	(856,183,680.80)	981,681,107.79
Loss for the year		-	-	(1,137,890,783.38)	(1,137,890,783.38)
Other comprehensive income		-	-	(333,106.93)	(333,106.93)
Total comprehensive income for the year		-	-	(1,138,223,890.31)	(1,138,223,890.31)
Increased ordinary capital shares	23	715,268,236.00	(500,687,765.20)	-	214,580,470.80
Ending balance as at December 31, 2016		3,115,268,236.00	(1,062,822,976.61)	(1,994,407,571.11)	58,037,688.28
Loss for the year		-	-	(1,324,577,887.07)	(1,324,577,887.07)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(1,324,577,887.07)	(1,324,577,887.07)
Ending balance as at December 31, 2017		3,115,268,236.00	(1,062,822,976.61)	(3,318,985,458.18)	(1,266,540,198.79)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Loss before income tax	(1,430,068,517.85)	(1,206,538,106.74)	(1,324,577,887.07)	(1,137,890,783.38)
Adjustments to reconcile loss before income tax for cash received (paid) from operation				
Depreciation	66,115,276.70	67,978,091.18	8,495,753.90	8,620,108.69
Depreciation for investment property	920,308.73	922,830.13	920,308.73	922,830.13
Doubtful accounts trade receivable and advance payment for goods	1,098,838,958.14	1,100,753,734.91	979,689,622.47	1,058,445,892.19
Doubtful accounts other receivable	1,414,861.91	-	14,210,478.35	-
Doubtful accounts short-term loans to other person	30,000,000.00	-	30,000,000.00	-
Reversal loss from declining in value of inventories	(1,855,583.49)	(3,243,099.21)	(359,955.87)	(4,073,598.34)
Impairment loss on investment in subsidiary	-	-	97,017,850.55	61,062,330.30
Share of loss on investment in associates	11,463,482.86	11,920,930.51	-	-
Share of (gain) loss on inventories of investment in associates	21,324.72	(226,249.56)	-	-
Unrealized gain on exchange rate	(7,955,112.78)	(646,573.27)	(8,033,131.64)	(646,573.27)
Loss from written-off assets	3,259.57	286,844.82	3,259.57	286,844.82
Gain from compromise settlement	-	(5,833,091.60)	-	(5,833,091.60)
Employee benefits expense	456,961.04	69,228.00	227,337.04	29,580.00
Interest income	(2,961,587.54)	(2,419,231.66)	(18,231,338.26)	(33,535,896.05)
Interest expenses	183,020,498.73	156,099,824.13	183,009,759.01	156,214,324.12
Interest expenses of employee benefits	109,416.00	38,129.00	48,928.00	12,254.00
Profit (loss) from operation before changes in operating assets and liabilities	(50,476,453.26)	119,163,260.64	(37,579,015.22)	103,614,221.61
Operating assets (increase) decrease				
Trade and other receivable	(131,827,867.69)	(79,591,730.72)	(45,367,419.77)	(12,477,805.20)
Inventories	30,068,752.33	154,376,348.80	13,890,401.89	157,359,251.64
Advance payments for goods	205,992,073.29	(94,942,972.77)	142,377,801.35	(165,111,370.69)
Other non-current assets	38,381.48	2,302,325.49	539.96	2,270,113.30
Operating liabilities increase (decrease)				
Trade and other payable	(73,524,768.62)	23,277,840.16	(96,296,750.24)	27,182,834.68
Employee benefit obligations	(426,707.00)	-	(328,109.00)	-
Cash received (paid) from operation	(20,156,589.47)	124,585,071.60	(23,302,551.03)	112,837,245.34
Cash paid for income tax	(171,661.34)	(385,085.01)	(104,209.09)	(377,711.74)
Net cash received from (used in) operating activities	(20,328,250.81)	124,199,986.59	(23,406,760.12)	112,459,533.60

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in bank deposits pledged as collateral	(34,865.38)	(16,200.19)	(17,804.97)	3,745.03
Cash payment for short-term loans from related parties	-	-	(65,000,000.00)	-
Cash received from short-term loans from related parties	-	-	62,600,000.00	-
Cash received from interest	2,036,885.53	1,929,581.90	7,348,779.10	33,052,952.21
Cash payment for purchase of investment in subsidiary	-	-	-	(20,024,992.50)
Cash payment for purchase of property, plant and equipment	(628,494.81)	(777,832.24)	(75,682.00)	(259,356.53)
Cash received from sale of property, plant and equipment	-	14,953.27	-	14,953.27
Net cash received from investing activities	1,373,525.34	1,150,502.74	4,855,292.13	12,787,301.48
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(4,000,000.00)	4,000,000.00	(4,000,000.00)	4,000,000.00
Cash received from short-term loans from other persons and parties	1,000,000.00	48,689,423.64	-	48,689,423.64
Cash payment for short-term loans from other persons and parties	(11,000,000.00)	(54,556,785.06)	(10,000,000.00)	(54,556,785.06)
Cash received from short-term loans from related parties	-	-	-	23,000,000.00
Cash payment for short-term loans from related parties	-	-	-	(23,000,000.00)
Cash payment for debt under restructuring agreement	-	(595,020,394.66)	-	(595,020,394.66)
Cash paid for interest expenses	(20,346,387.58)	(88,615,446.98)	(20,335,647.86)	(88,729,946.97)
Cash received from increased ordinary capital shares	-	214,580,470.80	-	214,580,470.80
Cash received from increase on non-controlling interests	-	975,007.50	-	-
Net cash used in financing activities	(34,346,387.58)	(469,947,724.76)	(34,335,647.86)	(471,037,232.25)
Cash and cash equivalent items decrease-net	(53,301,113.05)	(344,597,235.43)	(52,887,115.85)	(345,790,397.17)
Cash and cash equivalent items at the beginning of the years	181,863,110.25	526,460,345.68	179,559,676.23	525,350,073.40
Cash and cash equivalent items at the end of the years	128,561,997.20	181,863,110.25	126,672,560.38	179,559,676.23
<u>Additional disclosure :</u>				
1. Supplementary disclosure of cash flow information - non cash items				
- Purchase fixed assets by credit	-	48,220.00	-	-
- Transfer deposit for investment become short-term loans to other person	-	30,000,000.00	-	30,000,000.00
- Defined benefit plan actuarial loss	-	1,418,673.93	-	333,106.93

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. General information

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED (The Company) was registered as a Company Limited in accordance with the Civil and Commercial Law Code on May 10, 1999, with the registered number 0107549000050, and registered as the Public Company Limited on March 27, 2006, with its registered head office at 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150, Thailand.

The Company and its subsidiaries (collectively called “the Group”) operate in the business of production and distribution of steel pipe, steel products and service of steel production and procurement of material, equipment, and technology as well as investment in utilities and infrastructure, and service of water supply and other utilities.

2. Basis of financial statements preparation

2.1 Going concern

The Group and the Company incurred a net loss for the year ended December 31, 2017 in the consolidated financial statements amount of Baht 1,419.99 million and in the separate financial statements amount of Baht 1,324.58 million and as at December 31, 2017 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,079.24 million and amount of Baht 1,733.27 million and total liabilities exceeded total assets by amount of Baht 1,294.06 million and amount of Baht 1,266.54 million respectively. The Board of Directors’ meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Bankruptcy Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company’s petition for Business Rehabilitation as mention in note to financial statements No. 2.2. These conditions, along with other matters as set forth in note to financial statements No. 16, 18, 19, 20 and 29 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company’s ability to continue as a going concern and therefore the Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Presently, the Company is in the process of improving its operating, coordinate and cooperates with creditors to find the appropriate the debt restructuring process and finding new source of funds. The Company’s management believes that it is able to improve its operation and find out the debt restructuring plan with the creditors and obtain adequate credit facilities for continuing its operation.

The consolidated and separate financial statements have been prepared on the going concern basis on the assumption that the debt restructuring with the creditors and the business rehabilitation will be successful and such further capital and credit facilities will be secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on the success of the debt restructuring plan and the business rehabilitation plan.

2.2 Submission of a petition for Business Rehabilitation to the Central Bankruptcy Court

The Board of Directors' meeting No. 4/2017 of the Company has the resolution approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court on March 6, 2017 and approved the Company to be Rehabilitation Planner. The Central Bankruptcy Court has already accepted such petition. The Court scheduled the inquiry on the petition on May 29, 2017, however upon the date to inquiry the petition, 20 creditors had submitted request to object the petition. The Court has scheduled to inquiry the witness of requesting party in September to October 2017 and the witness of objection party in October to December 2017. Later, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation. However, the Company is in the process to coordinate and conclude the debt restructuring plan with debentures payable and preparing to new submit a petition for Business Rehabilitation to the Central Bankruptcy Court as mention in note to financial statements No. 33.

2.3 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

2.4 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals ("FAP") established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

2.5 New financial reporting standards

2.5.1 New and revised TFRS that became effective in the current period

During the year, the Group adopted a number of new and revised Thai financial reports standards (TFRS) and interpretations, issued by the FAP, that is effective for fiscal years beginning on or after January 1, 2017, as listed below.

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)</u>	
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)(continuous)</u>	
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
<u>Thai Accounting Standard Interpretations (TSIC)</u>	
TSIC 10 (revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases-Incentives
TSIC 25 (revised 2016)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets-Web Site Costs
<u>Thai Financial Reporting interpretations (TFRIC)</u>	
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (Revised 2016)
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Financial Reporting interpretations (TFRIC)(continuous)</u>	
TFRIC 13 (revised 2016)	Customer Loyalty Programmer
TFRIC 14 (revised 2016)	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Revised 2016)
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

2.5.2 New and revised financial reporting standards not yet effective

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards, interpretations accounting standards, interpretations financial reporting standards and accounting practices that are mandatory for annual periods beginning on or after January 1, 2018. The Group has not yet early adopted these new and revised financial reporting standards which are as follows:

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)</u>	
TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimate and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)(continuous)</u>	
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 2 (revised 2017)	Share-based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discounted Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
<u>Thai Accounting Standard Interpretations (TSIC)</u>	
TSIC 10 (revised 2017)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases-Incentives
TSIC 25 (revised 2017)	Income Taxes-Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2017)	Revenue-Barter Transactions involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets-Web Site Costs
<u>Thai Financial Reporting Interpretations (TFRIC)</u>	
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under IAS 29 (Revised 2017) Financial Reporting in Hyperinflationary Economies

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Financial Reporting interpretations (TFRIC)(continuous)</u>	
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmer
TFRIC 14 (revised 2017)	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction (Revised 2017)
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The management of the Group believes that above financial reporting standards will not have any significant impact on the financial statements in the year of initial application.

- 2.6 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows:-

Lease agreement

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful debt

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Reduction of inventories to become net realizable value

In estimating the reduction of inventories to become net realizable value, the management uses the discretion in estimating the net realizable value of inventories. The sum of money expected to receive from inventories is considered from the change in sale price or cost directly related to the events occurring after of report period.

Allowances for decline in value of dilapidated inventories and non-movement inventories

Allowances for decline in value of dilapidated inventories and non-movement inventories are estimated from inventories which are subject to dilapidation and non-movement.

Impairment of investments

The Group treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of which is “significant” or “prolonged” require judgment of the management.

Property, plant and equipment / Investment property

In determining depreciation of plant and equipment and investment property the management is required to make estimates of the useful lives and residual values of the plant and equipment and investment property and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and investment property for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

The obligation under the post-employment benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Litigation

The Group have contingent liabilities as a result of the litigation. The management has used judgment to assess of the results of the litigation and believes that no significant loss will be resulted. Therefore no contingent liabilities are recorded as at the end of reporting period.

3. Basis of the consolidated financial statements preparation

- 3.1 The consolidated financial statements have been prepared by consolidating the financial statements of the Company and of three subsidiary companies (collectively called “The Group”) The detail of structure and shareholding ratio of the Group is as follows:-

<u>Name of subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholdings</u>	
			<u>2017</u>	<u>2016</u>
Rich Asia Industry Co., Ltd.	Production and distribution of steel pipe, steel product and service of steel production	Thai	51.88	51.88
G.Y.T. Engineering Co., Ltd.	Procurement of material, equipment, and technology			
(Formerly Rich Asia Engineering Co., Ltd.) as well as investment in utilities and infrastructure		Thai	94.82	95.00
Rich Asia Utilities Co., Ltd.	Service of water supply and other utilities	Thai	99.99	99.99

- 3.2 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- 3.3 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.
- 3.4 The accounting periods of subsidiary companies ended the same date as that of Rich Asia Corporation Public Company Limited.

- 3.5 The consolidated financial statements combine the accounts of the Company and subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

4. Summary of significant accounting policies

The significant accounting policies of the Group can be summarized as follows:

- 4.1 Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.
- 4.2 Trade and other receivable are stated at their invoice value less allowance for doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging. Bad debts are written off when incurred.
- 4.3 Investments in subsidiaries in the separate financial statements are accounted for using the cost method less accumulated impairment losses (if any).
- 4.4 Investment in associate is accounted for the consolidated financial statements by the equity method and in the separate financial statements by the cost method net of allowance for impairment (if any).
- 4.5 Investments in other debt and other equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Group have the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than accumulated impairment losses are recognized directly in equity. Impairment losses are recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses (if any).

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

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 recognized in profit or loss.

If the Group dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

- 4.6 Inventories are stated at the lower of cost and net realizable value. Cost determined by the moving average method. Cost comprises both purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

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

- 4.7 Non-current assets held for sale (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell.
- 4.8 Investment property is defined as land or a building or part of a building, or both, held to earn rental or for capital appreciation or both, rather than for use in the production or supply of goods and services, for administrative purposes, or for making sales in the ordinary course of business.

Investment properties of the Group are measured initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining in profit or loss.

No depreciation is provided on investment properties-land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period when the asset is derecognized.

- 4.9 Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses (if any).

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 labor, 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 capitalized borrowing costs.

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 or 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 recognized net within other income or other expense in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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:-

Land improvements	5	years
Buildings and Improvements	5, 20	years
Machines	5, 10, 20	years
Furniture, fixtures and office equipment	3, 5	years
Tools and equipment	5	years
Vehicles	5	years

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

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

- 4.10 Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and allowance for impairment losses (if any).

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is calculated over the cost of the asset, less its residual value

Amortization is recognized 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 are as follows:

Software license	5	years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.11 Impairment of Assets

The carrying amounts of the Group assets are reviewed at each statements of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as when indicators of impairment are identified.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of the assets' net selling price and value in use. 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

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 amortization, if no impairment loss had been recognized.

4.12 Trade and other payable are stated at cost.

4.13 Loan is initially recognized by fair value of the remuneration received deducted by cost of transactions preparation incurred. Later, loan value is measured by amortization of cost price method. The discrepancy between remuneration (deducted by cost of transaction preparation incurred) when compared against the repayable value to repay debt will be recognized in profit or loss. Fee for providing loans is amortized to financial costs by over the period of the borrowings by using the effective rate method.

4.14 Provision is recognized in the statements of financial position when the Group have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

4.15 Long-term leases

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. 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. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

4.16 Employee benefits

Short-term employee benefits

The Group recognized salaries, wages, bonuses and contributions to the Social Security Fund as expenses when incurred.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

Post-employment benefits (Defined contribution plans)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Provident Fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Post-employment benefits (Defined benefit plans)

The Group have obligations in respect of the severance payments, they must make to employees upon retirement under labor law and other employee benefit plans. The Group treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income in the period in which they arise.

- 4.17 Change in shareholding ratio in subsidiary companies under common control is the difference between the investment for the change in proportion in subsidiary companies and book value of the subsidiary companies resulted from the change in proportion of investment in that subsidiary. The difference is shown as a separate item in the consolidated statements of financial position under the shareholders' equity and will be written off when the investment is disposed.
- 4.18 Non-controlling interests of subsidiary companies represent the portion of book value of the net assets of the subsidiary companies under the shareholding ratio that are not held by the Group and are presented separately under the shareholders equity in the consolidated statements of financial position and net profit (loss) of the non-controlling interest are presented separately in the consolidated statement of comprehensive income.

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

4.19.1 Revenue from sales is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized 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.

4.19.2 Service income is recognized when the service are provided. Service income from producing steel pipes is recognized when service are provided and deliver the product and the customer acceptance.

4.19.3 Rental income from operating lease contracts is recognized in profit or loss on a straight line basis over the term of the lease.

4.19.4 Dividend income is recognized in profit or loss on the date the Group right to receive payments is established.

4.19.5 Interest income is recognized in profit or loss on the accrual basis.

4.20 Expenses

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

4.20.2 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.

4.20.3 Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

4.21 Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Group recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.22 Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the parent company (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

4.23 Foreign currency transactions are translated to Thai Baht at the foreign exchange rates ruling at the occurrence dates.

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 recognized in profit or loss.

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

4.24 The related parties with the Group meant individuals or enterprises which have the controlling power over the Group or are controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group, important management, directors or the employees of the Group who have the power to plan and control the operations of the Group including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

4.25 The sectoral business operation is disclosed under the separate business sectors of the Group, by the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.

4.26 Financial instruments consisted of financial assets and liabilities which were carried on the financial statements include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, investments and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

4.27 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:-

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.
- Level 3 Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Related parties transaction

The Company has business transactions with related entities, which have the same group of shareholders or mutual directors. Such transaction which have been concluded on commercial terms and based agreed up on between the company and related parties and are in ordinary course of business which can be summarized as follow:-

5.1 Inter-assets and liabilities

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other receivable</u>				
Rich Asia Industry Co., Ltd.	-	-	18,092	7,934
G.Y.T. Engineering Co., Ltd.	-	-	20	20
Thai National Product Co., Ltd.	416	-	416	-
Total	416	-	18,528	7,954
<u>Less</u> Allowance for doubtful debt	-	-	(18,092)	(5,296)
Trade and other receivable-Net	416	-	436	2,658
<u>Advance payment for goods</u>				
Rich Asia Industry Co., Ltd.	-	-	67,290	3,271
Total	-	-	67,290	3,271

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Short-term loans to related parties</u>				
Rich Asia Industry Co., Ltd.				
Beginning balance	-	-	389,200	389,200
Addition	-	-	5,000	-
Repayment	-	-	(2,600)	-
Ending balance	-	-	391,600	389,200
G.Y.T. Engineering Co., Ltd.				
Beginning balance	-	-	-	-
Addition	-	-	60,000	-
Repayment	-	-	(60,000)	-
Ending balance	-	-	-	-
Total short-term loans to related parties	-	-	391,600	389,200

As at December 31, 2017 and 2016, the Company had short-term loans to subsidiary company is carried by interest rate of 1.00%-8.00% per annum and interest rate of 8.00% per annum respectively, loans amount of Baht 391.60 million, which due within 2018. Therefore, the Company ceased revenue recognition for interest income since July 1, 2017 onward due to there is uncertainty to collectable. However, the Subsidiary Company still has commitment to pay interest as stipulated in the loan agreement. The Company will recognize interest income when interest is paid.

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other payable</u>				
Rich Asia Industry Co., Ltd.	-	-	9,908	6,282
G.T. Steel Works Co., Ltd.	11,747	11,747	11,747	11,747
Director	620	628	21	29
Total	12,367	12,375	21,676	18,058
<u>Advance received for goods</u>				
Thai National Product Co., Ltd.	1,109	-	-	-
Total	1,109	-	-	-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Short-term loans from related parties</u>				
G.Y.T. Engineering Co., Ltd..				
Beginning balance	-	-	-	-
Addition	-	-	-	23,000
Repayment	-	-	-	(23,000)
Ending balance	-	-	-	-

As at December 31, 2016, short-term loans from subsidiary company is carried by interest rate of 1.00%-1.15% per annum.

5.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Transactions with related person and related companies</u>				
Revenues from sales of goods	389	2,946	389	2,946
Purchase of goods	-	73	-	73
Other expenses	309	393	309	393
<u>Transaction with subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Revenues from sales of goods	-	-	58,319	815
Revenues from sales of raw materials	-	-	41,104	381,695
Others income	-	-	240	243
Interest income	-	-	15,442	31,136
Purchase of goods	-	-	212,972	32,115
Subcontract production cost	-	-	1,338	-
Other expense	-	-	3	223
Interest expense	-	-	-	114

5.3 Directors and management's benefits

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	10,926	10,153	10,926	10,153
Post-employment benefits	86	9	86	9
Total	11,012	10,162	11,012	10,162

5.4 Pricing policies

Pricing policies for each transactions are described as follows:-

<u>Type of transactions</u>	<u>Pricing policies</u>
Revenues from sale	Price can be comparative against outside parties
Other income	Cost price/Contract price
Purchases of goods	Price can be comparative against outside parties
Subcontract production cost	Price can be comparative against outside parties
Other expenses	Actual price/Contract price
Interest income	Interest rate 1.00%-8.00% per annum (2016 : Interest rate 8.00% per annum)
Interest expenses	(2016 : Interest rate 1.00%-1.15% per annum)

The Company's director has guaranteed the Company's credit facilities from financial institution as mention in the notes to financial statements No. 15. No fees are charged for these guarantees.

5.5 Types of relationship of related parties are as follows:

<u>Name of Companies/Persons</u>	<u>Type of business</u>	<u>Type of relationship</u>
Rich Asia Industry Co., Ltd.	Production and distribution of steel pipe, steel product and service of steel production	Subsidiary
G.Y.T. Engineering Co., Ltd. (Formerly Rich Asia Engineering Co., Ltd.)	Procurement of material, equipment and technology as well as investment in utilities and infrastructure.	Subsidiary
Rich Asia Utilities Co., Ltd.	Service of water supply and other utilities	Subsidiary
Thai National Product Co., Ltd.	Foundation pile manufacturing, distribution delivery and pile driving and production of concrete product	Associate
G.T. Steel Work Co., Ltd.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders
Ms. Angkakarn Tantiviroon		Chief Executive Officer Director
Mr. Somkiat Vongsarojana		Managing Director
Mr. Teera Phoncharoensuk		Director

6. Cash and cash equivalent items

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	97	124	47	68
Savings deposits	101,623	981	101,180	433
Current deposits	26,842	180,758	25,446	179,059
Total	128,562	181,863	126,673	179,560

7. Trade and other receivable

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivable-related parties	416	-	416	-
Trade receivable-other parties	2,125,754	2,018,113	1,859,843	1,827,666
Post dated cheques-other parties	39,170	12,930	39,170	12,930
Total trade receivable	2,165,340	2,031,043	1,899,429	1,840,596
<u>Less</u> Allowance for doubtful accounts	(1,843,418)	(741,529)	(1,681,961)	(699,222)
Total trade receivable-net	321,922	1,289,514	217,468	1,141,374
Other receivable-related parties	-	-	18,112	7,954
Other receivable-other parties	1,623	3,376	1,450	3,318
Revenue department receivable	7	9,980	-	9,975
Advance-payment	11,000	-	-	-
Others	2,150	2,959	2,070	2,926
Total other receivable	14,780	16,315	21,632	24,173
<u>Less</u> Allowance for doubtful accounts	(1,415)	-	(19,507)	(5,296)
Total other receivable-net	13,365	16,315	2,125	18,877
Total trade and other receivable	335,287	1,305,829	219,593	1,160,251

Trade and notes receivables were classified by aging as follows:-

7.1 Trade receivable-related parties

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Within credit term	416	-	416	-
Total	416	-	416	-

The normal credit term granted by the Group is 30-120 days.

7.2 Trade receivable-other parties

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Within credit term	306,989	492,402	214,346	445,091
Over due 1 to 90 days	2,029	783,083	2,029	703,427
Over due 91 to 180 days	11,611	543,190	-	479,710
Over due 181 to 365 days	431,525	203,438	402,589	203,438
Over due over 1 year	1,412,770	8,930	1,280,049	8,930
Total	2,164,924	2,031,043	1,899,013	1,840,596
<u>Less</u> Allowance for doubtful debts	(1,843,418)	(741,529)	(1,681,961)	(699,222)
Net	321,506	1,289,514	217,052	1,141,374

The normal credit term granted by the Group is 7-120 days. However, in quarter 4/2017, the credit term for foreign receivable is 180 days with payment by letter of credit.

Movements of allowance for doubtful debts trade receivable for the year ended December 31, 2017 and 2016 are as follow:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Beginning balance	(741,529)	-	(699,222)	-
Increase during the year	(1,104,221)	(741,529)	(984,871)	(699,222)
Reversal during the year	2,332	-	2,132	-
Ending balance	(1,843,418)	(741,529)	(1,681,961)	(699,222)

Movements of allowance for doubtful debts other receivable for the year ended December 31, 2017 and 2016 are as follow:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Beginning balance	-	-	(5,296)	(5,296)
Increase during the year	(1,415)	-	(14,211)	-
Ending balance	(1,415)	-	(19,507)	(5,296)

As at December 31, 2017, the consolidated financial statements, there are 10 accounts receivable total amount of Baht 1,844.29 million, comprise of debt overdue 181-365 days amount of Baht 431.52 million and overdue over 1 year amount of Baht 1,412.77 million. (The separate financial statements, there are 10 accounts receivable total amount of Baht 1,682.64 million, comprise of debt overdue 181-365 days amount of Baht 402.59 million and overdue over 1 year amount of Baht 1,280.05 million) Such receivables have defaulted on repayment to the Group. The Group have filed a lawsuit against such receivables to enforce debt repayment. The Group set up the allowance for doubtful accounts in the consolidated financial statements amount of Baht 1,843.42 million. (The separate financial statements amount of Baht 1,681.96 million.)

However, some lawsuits have finalized, the debtors and the Company entered into compromise agreement. The debtors agreed to make a repayment to the Group by installment which has installment periods in 36-60 periods. The Group have reversed an allowance for doubtful account from debt collection for the year ended December 31, 2017 in the consolidated amount of Baht 2.33 million. (The separate financial statements amount of Baht 2.13 million.)

As at December 31, 2016, the consolidated financial statements, there are 5 accounts receivable total amount of Baht 806.15 million, comprise of debt within credit term amount of Baht 194.99 million, overdue 1-180 days amount of Baht 526.20 million, overdue 181-365 days amount of Baht 79.01 million and overdue over 1 year amount of Baht 5.95 million. (The separate financial statements, there are 5 accounts receivable total amount of Baht 763.84 million, comprise of debt within credit term amount of Baht 182.96 million, overdue 1-180 days amount of Baht 495.92 million, overdue 181-365 days amount of Baht 79.01 million and overdue over 1 year amount of Baht 5.95 million) Such receivables have defaulted on repayment to the Group. The Group have filed a lawsuit against such receivables to enforce debt repayment. The Group set up the allowance for doubtful accounts in the consolidated financial statements amount of Baht 679.32 million. (The separate financial statements amount of Baht 637.01 million.)

Furthermore, the consolidated and separate financial statements, as at December 31, 2016, there are also 3 accounts receivable total amount of Baht 543.83 million, comprise of debt within credit term amount of Baht 69.08 million, overdue 1-180 days amount of Baht 350.33 million and overdue 181-365 days amount of Baht 124.42 million. Such receivable made some repayment and requested to extend the repayment period, the Group are in the process of negotiating and asking for additional repayment. However, the Group set up the allowance for doubtful accounts in the consolidated and separate financial statements amount of Baht 62.21 million.

As at December 31, 2016, the consolidated and separate financial statement, the Company factored some post dated cheques in the amount of Baht 4.00 million to discount with the financial institution as mention in the note to financial statements No. 16. The Company still have to take responsibility in the post dated cheques if financial institution cannot collect debt repayment from such notes receivable.

8. Short-term loans to other person

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term loans to other person	30,000	30,000	30,000	30,000
<u>Less</u> Allowance for doubtful account	(30,000)	-	(30,000)	-
Net	-	30,000	-	30,000

Movements of allowance for doubtful debts short-term loans to other person for the year ended December 31, 2017 and 2016, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Beginning balance	-	-	-	-
Increase during the year	(30,000)	-	(30,000)	-
Ending balance	(30,000)	-	(30,000)	-

As of December 31, 2017 and 2016, the whole amount of short-term loans to other person derived from the Company paid deposits for due diligence before invested in Yala Green Energy Company, in accordance with the minute of the board of director No. 6/2015. Later, the board of management director No. 17/2016, has resolution to cancel an investment due to the result of the due diligence did not meet agreed criteria thus the board resolved to transfer the deposit for investment to short-term loan in the form of loans agreements, maturity within 1 year, which due at June 19, 2017 and interest rates of 6.50% per annum. The borrower has pledged Yala Green Energy Company Limited's common stock of 1,144,950 shares and a post dated cheques amount of Baht 30.00 million as collaterals. Later, the borrower has requested to extend the repayment period to August 31, 2017, which approved by the board of management directors No. 7/2017 dated March 2, 2017, which has interest rate include default interest rate at 8.50% per annum. However, the borrower has defaulted on repayment to the Company when due and request to extend the repayment period to next 6 months. The Company has filed a lawsuit against such borrower to enforce debt repayment. The Company set up the allowance for doubtful accounts for the whole amount.

9. Inventories

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	44,882	85,723	33,577	47,305
Work in process	4	2	-	-
Raw materials	44,750	33,681	31,250	31,250
Supplies	4,604	4,902	1,442	1,604
Total	94,240	124,308	66,269	80,159
<u>Less</u> Allowance for declining in value of inventories	(5,703)	(7,558)	(770)	(1,130)
Net	88,537	116,750	65,499	79,029

Movements of allowance for declining in value of inventories for the year ended December 31, 2017 and 2016, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Beginning balance	(7,558)	(8,863)	(1,130)	(3,265)
Reversal during the year	1,855	1,305	360	2,135
Ending balance	(5,703)	(7,558)	(770)	(1,130)

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of inventory record as expense and include in the cost of goods sold				
- Cost of goods sold	704,262	3,095,946	587,850	2,791,905
- Reversal loss from allowance for decline in value of inventories	(1,855)	(1,305)	(360)	(2,135)
- Reversal loss from allowance for decline in value of advance payment for goods	-	(1,938)	-	(1,938)
Net	702,407	3,092,703	587,490	2,787,832

10. Advance payment for goods

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Advance payments for goods-related parties	-	-	67,290	3,271
Advance payments for goods-other parties	362,294	568,286	361,889	568,286
Total	362,294	568,286	429,179	571,557
<u>Less</u> Allowance for doubtful accounts	(361,843)	(364,892)	(361,843)	(364,892)
Net	451	203,394	67,336	206,665

Movements of allowance for declining in value of inventories for the years ended December 31, 2017 and 2016, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Beginning balance	-	(1,938)	-	(1,938)
Reversal during the year	-	1,938	-	1,938
Ending balance	-	-	-	-

Movements of allowance for doubtful account of advance payment for goods for the year ended December 31, 2017 and 2016, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Beginning balance	(364,892)	(5,668)	(364,892)	(5,668)
Reversal (increase) during the year	3,049	(359,224)	3,049	(359,224)
Ending balance	(361,843)	(364,892)	(361,843)	(364,892)

As at December 31, 2017 and 2016, the consolidated and separate financial statements, the Company has advance payment for goods to 3 suppliers with total amount of Baht 364.89 million, such suppliers have been unable to deliver goods to the Company in time according to the contract including they did not refund the prepayment amount to the Company. The Company has filed a lawsuit against such suppliers to enforce debt repayment. However, the Company set up the allowance for doubtful account in the consolidated and separate financial statements whole amount.

However, some lawsuits have finalize, the debtors and the Company entered into compromise agreement. The debtors agreed to make a repayment to the Company by installment which has installment periods in 36-48 periods. The Company have reversed an allowance for doubtful account from debt collection in the consolidated and separate financial statements for the year ended December 31, 2017 in amount of Baht 3.05 million.

11. Investment in subsidiaries

Consisted of:-

(Unit : Thousand Baht)								
<u>Separate financial statements</u>								
<u>Name of companies</u>	<u>Paid-up</u>		<u>Percentage of</u>		<u>Investment</u>		<u>Dividend</u>	
	<u>share capital</u>		<u>Shareholding(%)</u>		<u>cost method</u>		<u>For the year</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>As at December 31,</u>		<u>ended December 31,</u>	
					<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Rich Asia Industry Co., Ltd.	441,701	441,701	51.88	51.88	536,062	536,062	-	-
G.Y.T. Engineering Co., Ltd.	20,750	20,750	94.82	95.00	19,675	19,675	-	-
Rich Asia Utilities Co., Ltd.	1,250	1,250	99.99	99.99	1,250	1,250	-	-
Total					556,987	556,987		
<u>Less</u> Allowance for impairment loss								
Rich Asia Industry Co., Ltd.					(348,931)	(251,913)		
Net					208,056	305,074		

Movement of allowance for impairment loss for the year ended December 31, 2017 and 2016, are as follow:-

(Unit : Thousand Baht)		
<u>Separate financial statements</u>		
<u>For the year ended December 31,</u>		
	<u>2017</u>	<u>2016</u>
Beginning balance	(251,913)	(190,851)
Increase during the year	(97,018)	(61,062)
Ending balance	<u>(348,931)</u>	<u>(251,913)</u>

Non-controlling interests

Subsidiary with material non-controlling interests is as follow:

(Unit : Thousand Baht)						
<u>Name of companies</u>	<u>Proportion of ownership</u>		<u>Total comprehensive</u>		<u>Accumulated NCI</u>	
	<u>interests held by the NCI</u>		<u>income allocated to NCI</u>			
	<u>For the year ended</u>					
	<u>As at December 31,</u>		<u>December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Rich Asia Industry Co., Ltd	48.12%	48.12%	(101,895)	(56,617)	(76,980)	(178,874)

Summarised financial information for Rich Asia Industry Company Limited before eliminations, is as follow:-

(Unit : Thousand Baht)		
<u>Rich Asia Industry Co., Ltd</u>		
<u>As at December 31,</u>		
	<u>2017</u>	<u>2016</u>
Current assets	141,573	192,896
Non-current assets	638,778	699,233
Total assets	<u>780,351</u>	<u>892,129</u>
Current liabilities	(540,638)	(430,084)
Non-current liabilities	(79,738)	(90,319)
Total liabilities	<u>(620,376)</u>	<u>(520,403)</u>
Equity attributable to the Company's shareholders	<u>(82,995)</u>	<u>(192,852)</u>
Non-controlling interests	<u>(76,980)</u>	<u>(178,874)</u>

(Unit : Thousand Baht)		
<u>Rich Asia Industry Co., Ltd</u>		
<u>For the year ended</u>		
<u>December 31,</u>		
	<u>2017</u>	<u>2016</u>
Revenue	377,941	689,438
Loss for the year attributable to the Company's shareholders	(109,856)	(60,478)
Loss for the year attributable to non-controlling interests	(101,895)	(56,094)
Loss for the year	(211,751)	(116,572)
Other comprehensive income for the year	-	-
Total comprehensive income attributable to		
the Company's shareholders	(109,856)	(61,041)
Total comprehensive income attributable to non-controlling interests	(101,895)	(56,617)
Total comprehensive income for the year	(211,751)	(117,658)
Net cash received from operating activities	12,360	13,550
Net cash used in investing activities	(398)	(518)
Net cash used in financing activities	(12,130)	(13,143)
Cash and cash equivalent items decrease-net	(168)	(111)

12. Investment in associate

Consisted of:-

(Unit : Thousand Baht)						
			<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
			<u>Investment as</u>	<u>Investment as</u>		
			<u>equity method</u>	<u>cost method</u>		
<u>Name of companies</u>	<u>Percentage of Shareholding(%)</u>		<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Thai National Product Co., Ltd.	29.89	29.89	165,876	177,360	198,478	198,478

Financial information of associate company

The financial information as presented in the financial statements of the Thai National Product Co., Ltd. were as follows:-

	(Unit : Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current assets	183,853	218,025
Non-current assets	310,363	319,037
Total assets	494,216	537,062
Current liabilities	(100,129)	(144,902)
Non-current liabilities	(6,172)	(6,222)
Total liabilities	(106,301)	(151,124)
Net assets	387,915	385,938

	(Unit : Thousand Baht)	
	<u>For the year ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Revenue	292,503	262,351
Profit for the year	1,977	40
Other Comprehensive income for the year	-	(1,202)
Comprehensive income for the year	1,977	(1,162)
Dividend received from associate for the year	-	-

Reconciliation of financial based on the above information the carrying amount of the equity of the Thai National Product Co., Ltd. recognize them gradually in the consolidated financial statements.

	(Unit: Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Net assets of the associate	387,915	385,938
Shareholding of the company (%)	29.89	29.89
	115,948	115,357
Adjustment the fair value as at acquisition date	49,949	62,003
Other adjustments	(21)	-
Book value of the Company in associate	165,876	177,360

As at December 31, 2017 and 2016, the Company has pledge its shares of investment in associate 4,346,666 shares and 4,681,666 shares, equivalent to 16.04% and 17.28% of shareholdings respectively, as collateral of short-term loan from other persons and parties as mention in the note to financial statements No. 18.

13. Investment property

The movement of investment property for the year ended December 31, 2017 and 2016, were as follow:-

(Unit : Thousand Baht)			
	Consolidated/Separate financial statements		
	Land	Buildings	Total
Cost :			
As at January 1, 2016	1,878	18,406	20,284
As at December 31, 2016	1,878	18,406	20,284
As at December 31, 2017	1,878	18,406	20,284
Accumulated depreciation :			
As at January 1, 2016	-	(11,435)	(11,435)
Depreciation for the year	-	(923)	(923)
As at December 31, 2016	-	(12,358)	(12,358)
Depreciation for the year	-	(920)	(920)
As at December 31, 2017	-	(13,278)	(13,278)
Book Value :			
As at December 31, 2016	1,878	6,048	7,926
As at December 31, 2017	1,878	5,128	7,006
The depreciation in the statement of comprehensive income			
For the year ended December 31, 2016			923
For the year ended December 31, 2017			920
Fair value			
As at December 31, 2016			22,030
As at December 31, 2017			30,560

As at December 31, 2017 and 2016, the consolidated and separate financial statements, the whole amount of investment property are pledged for loans granted by financial institutions as mention in the note to financial statements No. 15.

The fair value of investment property was determined by an independent appraiser who has been approved by the office of the Securities and Exchange Commission (Thailand). As at December 31, 2017 and 2016, the fair value of investment property is in accordance to the valuation report dated on September 2017 and November 2014 respectively, by using Market Approach for the land valuation and Cost Approach for building valuation which is hierarchy level 3.

14. Property, plant and equipment

The movement of property, plant and equipment for the year ended December 31, 2017 and 2016, were as follow:-

(Unit : Thousand Baht)

	Consolidated financial statements									
	Land and land improvement	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment and office equipment	Vehicle	Work in process	Machinery and equipment in process	Total
Cost :										
As at January 1, 2016	316,565	845,535	5,411	1,207,878	11,720	26,860	14,151	3,619	638	2,432,377
Purchase	-	-	-	26	-	445	-	135	12,220	12,826
Transfer in	-	3,619	-	-	438	-	-	-	-	4,057
Sale/Written-off	-	-	-	-	-	(157)	-	-	(299)	(456)
Return	-	-	-	-	-	-	-	-	(12,000)	(12,000)
Transfer out	-	-	-	-	-	-	-	(3,619)	(438)	(4,057)
As at December 31, 2016	316,565	849,154	5,411	1,207,904	12,158	27,148	14,151	135	121	2,432,747
Purchase	-	-	-	100	-	95	-	431	2	628
Written-off	-	-	-	-	-	(1,193)	-	-	-	(1,193)
As at December 31, 2017	316,565	849,154	5,411	1,208,004	12,158	26,050	14,151	566	123	2,432,182
Accumulated depreciation :										
As at January 1, 2016	(49,220)	(557,033)	(2,131)	(954,251)	(10,396)	(25,652)	(13,825)	-	-	(1,612,508)
Depreciation for the year	(431)	(29,853)	(271)	(36,287)	(543)	(493)	(100)	-	-	(67,978)
Sale/Written-off	-	-	-	-	-	154	-	-	-	154
As at December 31, 2016	(49,651)	(586,886)	(2,402)	(990,538)	(10,939)	(25,991)	(13,925)	-	-	(1,680,332)
Depreciation for the year	(431)	(29,818)	(271)	(34,562)	(548)	(402)	(83)	-	-	(66,115)
Written-off	-	-	-	-	-	1,190	-	-	-	1,190
As at December 31, 2017	(50,082)	(616,704)	(2,673)	(1,025,100)	(11,487)	(25,203)	(14,008)	-	-	(1,745,257)
Net book value :										
As at December 31, 2016	266,914	262,268	3,009	217,336	1,219	1,157	226	135	121	752,415
As at December 31, 2017	266,483	232,450	2,738	182,904	671	847	143	566	123	686,925
The depreciation in the statement of comprehensive income										
For the year ended December 31, 2016										67,978
For the year ended December 31, 2017										66,115

(Unit : Thousand Baht)

	Separate financial statements							
	Land	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment and office equipment	Vehicle	Machinery and equipment in process
Cost :								
As at January 1, 2016	41,538	13,000	5,411	79,107	11,721	18,105	14,152	597
Purchase	-	-	-	-	-	119	-	12,140
Transfer in	-	-	-	-	438	-	-	-
Sale/Written-off	-	-	-	-	-	(157)	-	(299)
Return	-	-	-	-	-	-	-	(12,000)
Transfer out	-	-	-	-	-	-	-	(438)
As at December 31, 2016	41,538	13,000	5,411	79,107	12,159	18,067	14,152	-
Purchase	-	-	-	-	-	76	-	-
Written-off	-	-	-	-	-	(1,193)	-	-
As at December 31, 2017	41,538	13,000	5,411	79,107	12,159	16,950	14,152	-
Accumulated depreciation :								
As at January 1, 2016	-	(5,124)	(2,131)	(65,089)	(10,396)	(17,409)	(13,825)	-
Depreciation for the year	-	(652)	(271)	(6,760)	(543)	(293)	(101)	-
Sale/Written-off	-	-	-	-	-	154	-	-
As at December 31, 2016	-	(5,776)	(2,402)	(71,849)	(10,939)	(17,548)	(13,926)	-
Depreciation for the year	-	(650)	(271)	(6,741)	(548)	(203)	(83)	-
Written-off	-	-	-	-	-	1,190	-	-
As at December 31, 2017	-	(6,426)	(2,673)	(78,590)	(11,487)	(16,561)	(14,009)	-
Net book value :								
As at December 31, 2016	41,538	7,224	3,009	7,258	1,220	519	226	-
As at December 31, 2017	41,538	6,574	2,738	517	672	389	143	-
The depreciation in the statement of comprehensive income								
For the year ended December 31, 2016								8,620
For the year ended December 31, 2017								8,496

As at December 31, 2017 and 2016, The Group has pledged the part of land, property and machinery with the book value stated in the consolidated and separate financial statements amount of Baht 51.20 million and amount of Baht 56.65 million respectively, to guarantee against credit facility of the Company that receives from commercial banks and financial institutions according to the note to financial statements No. 15.

As at December 31, 2017 and 2016, in the consolidated financial statements the Group had the assets which fully depreciated but still in used. The cost price was amount of Baht 168.87 million, the book value was amount of Baht 2,597.30 and the cost price was amount of Baht 133.72 million, the book value was amount Baht 2,631.23 respectively.

As at December 31, 2017 and 2016, in the separate financial statements the Company had the assets which fully depreciated but still in used. The cost price was amount of Baht 50.95 million, the book value was amount of Baht 541.08 and the cost price was amount of Baht 51.52 million, the book value was amount of Baht 622.01 respectively.

15. Credit facilities and guarantee

The Company has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring by granted the total credit line as at December 31, 2017 and 2016, in amount of Baht 1,172.85 million for both years, it is pledged by the Company's mortgage of land and buildings and certain machinery of the Company, according in note to financial statements No. 13 and 14, some land and buildings of other company, land and buildings of director of the Company, notes receivable, a part of deposit at bank of the Company and subsidiary, other company and director of the Company, and beneficiary from insurance in buildings, machinery and equipment to commercial bank and financial institutions.

16. Short-term loans from financial institutions

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Discount post dated cheques	-	4,000
Promissory notes	16,000	16,000
Total	16,000	20,000

As at December 31, 2016, loan from discount post dated cheques, and promissory note are carried by interest rates of 6.25% per annum.

As at December 31, 2017, the Company has short term loan which due for repayment in amount of Baht 16.00 million, which has default interest rate at 15.00% per annum. The Company has defaulted for all repayment. However, the Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2.

Promissory notes constitutes collaterals according in note to financial statements No. 15.

17. Trade and other payable

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payable-related parties	8,647	8,647	18,555	8,647
Trade payable-other parties	139,346	225,759	115,860	222,551
Other payable-related parties	3,121	3,129	3,121	3,129
Other payable-other parties	8,634	8,582	3,580	6,132
Advance received for goods-related parties	1,109	-	-	6,282
Advance received for goods-other parties	7,142	7,506	7,142	7,142
Accrued expenses-related parties	599	599	-	-
Accrued expenses-other parties	124,583	21,484	116,907	16,510
Post dated cheques-other parties	94	25	-	-
Others	-	30	-	30
Total	293,275	275,761	265,165	270,423

18. Short-term loans from other persons and parties

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term loans from other persons and parties	125,000	135,000	125,000	135,000
Deferred Interest Expenses	-	(1,219)	-	(1,219)
Deferred charge	-	(299)	-	(299)
Net	125,000	133,482	125,000	133,482

As at December 31, 2017 and 2016, amount of Baht 125.00 million was loan from bill of exchange issue to private placement investor through financial institutions whose recommend the investor for the Company. Such loan has maturity term for 6-9 months with financial cost equivalent to interest rate at 7.50% per annum for both years. Such loan has shares of associate pledged as collateral according to the note to financial statements No. 12.

As at December 31, 2017, the Company has short term loan which due for repayment in amount of Baht 125.00 million, which has default interest rate at 15.00% per annum. The Company has defaulted for all repayment. However, the Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2.

19. Debentures

As at December 31, 2017 and 2016, the Company had issued unsubordinated and unsecured debentures, payable quarterly, totaling Baht 1,230 million as follows:-

(Unit : Thousand Baht)

<u>Consolidated/Separate financial statements</u>					
<u>As at December 31,</u>					
<u>Debentures No.</u>	<u>2017</u>	<u>2016</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>
1/2015	500,000	500,000	6.50 %	1 year 9 month	30 Jan 2017
2/2015	500,000	500,000	6.50 %	2 year	16 Jul 2017
3/2015	230,000	230,000	6.20 %	1 year 11 month 29 date	27 Oct 2017
Total	1,230,000	1,230,000			
Deferred consulting fee	-	(2,513)			
Deferred service fee	-	(2,534)			
Deferred charge	-	(36)			
Net	1,230,000	1,224,917			

As at December 31, 2016, the fair value of debentures in amount of Baht 1,230.82 million which is determined by the last bid price on the Thai Bond Market Association on the last business day of the year.

On January 11, 2017 the Company received a notice from the bank creditor informing of default payments of liability under debt restructure agreement as mention in note to financial statements No. 20 and called the Company to repay the principal and accrued interest within 15 days from the date of receipt of the notice (which on January 26, 2017). Consequently, the impact of the aforementioned call repayment of all outstanding debts, has resulted a cross default to all outstanding debentures according to the right terms of debentures which has interest rate include default interest rate at 8.20%-8.50 % per annum.

However, the Debenture Holder's Meeting of No. 1/2017 held on February 7, 2016 has resolution to approve the Debenture No. 1/2015 amount of Baht 500.00 million and Debentures No. 2/2015 amount of Baht 500.00 million which is total outstanding of Baht 1,000.00 million, has been immediately due for payment. For the Debentures No. 3/2015 amount of Baht 230 million, the Company default to repayment interest on April 29, 2017, which cause to default to debentures No. 3/2015. The Company is required to immediately pay all principal amounts of the Debentures No. 1/2015, No. 2/2015 and No. 3/2015 with interest calculated from the date of default to the Debenture Holders. Later, the Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2.

20. Liabilities under debt restructuring agreement

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Principal amount	537,746	537,746
Accrued interest expenses	176,891	119,975
Accrued interest pending for waiving	253,167	253,167
Total	967,804	910,888

The movements of liabilities under debt restructuring agreement for the year ended December 31, 2017 and 2016, is as follow:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Book value at the beginning of the year	910,888	1,454,969
Realized pending accrued interest to reduce interest expense	-	(8,369)
Suspend accrued interest for the year	56,916	59,309
Repayment during the year	-	(595,021)
Book value at the end of the year	967,804	910,888

The consolidated and separate financial statements, liabilities under debt restructuring agreement derived from the debt restructuring contract dated on May 30, 2014. In first quarter of the year 2016, the Company and creditor together agreed and signed the new agreement of debt restructure dated March 30, 2016, to adjust the repayment terms and a partial release of collateral. The contract has classified the debt to 4 tranches and details of new repayment term as following:-

1. The Company must pay to creditor at least Baht 560.00 million, which the repayment amount to deduct the principal and accrued interest of each tranches are as follows:-

(Unit : Thousand Baht)

<u>Tranche</u>	<u>Credit Lines</u>	<u>Principals</u>	<u>Accrued interests</u>	<u>Total</u>
1	Baht 400 million	176,760	24,840	201,600
2	Baht 275 million	132,570	18,630	151,200
3	Baht 250 million	88,380	12,420	100,800
4	Baht 200 million	93,290	13,110	106,400
	Total	491,000	69,000	560,000

In the first quarter 2016, the Company repayment above then proceed to redeem the mortgaged land, buildings and machinery of associate and obligations guaranteed by the associate.

2. The remaining principal repayment in monthly installments including 96 months (8 years) or the maturity date of March 31, 2024 began the first payment date of April 30, 2016, as detailed below:-
 - First tranche : The credit line of Baht 400.00 million, as at December 31, 2017, remaining balance amount of Baht 354.56 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 69.37 million and accrued interest pending for waiving amount of Baht 89.59 million (December 31, 2016 : remaining balance amount of Baht 334.34 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 49.15 million and accrued interest pending for waiving amount of Baht 89.59 million), with interest rate at SPRL+1.00% per annum.

- Second tranche : The credit line of Baht 275.00 million, as at December 31, 2017, remaining balance amount of Baht 270.08 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 54.60 million and accrued interest pending for waiving amount of Baht 74.48 million (December 31, 2016 : remaining balance amount of Baht 254.85 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 39.37 million and accrued interest pending for waiving amount of Baht 74.48 million), with interest rate at SPR+1.25% per annum.
- Third tranche : The credit line of Baht 250.00 million, as at December 31, 2017, remaining balance amount of Baht 153.98 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 13.85 million and accrued interest pending for waiving amount of Baht 40.67 million (December 31, 2016 : remaining balance amount of Baht 143.26 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 3.13 million and accrued interest pending for waiving amount of Baht 40.67 million), with interest rate at SPR+1.25% per annum.
- Fourth tranche : The credit line of Baht 200.00 million, as at December 31, 2017, remaining balance amount of Baht 189.18 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 39.07 million and accrued interest pending for waiving amount of Baht 48.43 million (December 31, 2016 : remaining balance amount of Baht 178.44 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 28.33 million and accrued interest pending for waiving amount of Baht 48.43 million), with interest rate at SPR+1.00% per annum.

Table of principal and interest repayment per installment (Unit : Million Baht)

<u>Installment periods</u>	<u>First tranche</u>	<u>Second tranche</u>	<u>Third tranche</u>	<u>Fourth tranche</u>	<u>Total</u>
Periods 1-12 (Apr 16-Mar 17)	1.665	1.17	0.81	0.855	4.50
Periods 13-24 (Apr 17-Mar 18)	1.850	1.30	0.90	0.950	5.00
Periods 25-36 (Apr 18-Mar 19)	2.220	1.56	1.08	1.140	6.00
Periods 37-48 (Apr 19-Mar 20)	2.405	1.69	1.17	1.235	6.50
Periods 49-60 (Apr 20-Mar 21)	3.145	2.21	1.53	1.615	8.50
Periods 61-72 (Apr 21-Mar 22)	3.330	2.34	1.62	1.710	9.00
Periods 73-84 (Apr 22-Mar 23)	4.070	2.86	1.98	2.090	11.00
Periods 85-95 (Apr 23-Feb 24)	4.995	3.51	2.43	2.565	13.50
Periods 96 (Mar 24)	Outstanding				

If the Company can perform the terms of the debt restructuring, the creditors willing to compromise forgiven accrued interest pending for waiving of all group amount of Baht 253.17 million.

Liabilities under debt restructuring agreement constitutes collaterals according in note to financial statements No. 15.

In the October 2016, the Company did not completely repay the debt in accordance with debt restructuring agreement which has default interest rate at 21.00% per annum. On January 11, 2017 the Company received a notice from the bank creditor informing of default payments of liability under debt restructure and called the Company to repay the principal and accrued interest within 15 days from the date of receipt of the notice (which on January 26, 2017). The Company has classified the whole amount of liability under debt restructuring agreement to current liabilities caption. However, the Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2.

21. Employee benefit obligations

Changes in the present value of the employee benefit obligations is as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Employee benefit obligations as at January 1,	3,289	1,763	1,604	1,229
Current service cost	457	69	227	30
Interest cost	109	38	49	12
Benefit paid	(427)	-	(328)	-
Actuarial losses arising from defined benefit plan	-	1,419	-	333
Employee benefit obligations as at December 31,	3,428	3,289	1,552	1,604

Expenses recognized in statements of comprehensive income as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Recognized in profit or loss</u>				
Cost of goods sold	158	25	-	-
Selling expenses	7	1	5	-
Administrative expenses	205	34	135	21
Directors and management’s benefits	87	9	87	9
Finance cost	109	38	49	12
Total	566	107	276	42

Recognized in other comprehensive income

Actuarial losses recognized in other comprehensive income arising from:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	-	156	-	62
Salary increase rate	-	(300)	-	(21)
Employee turnover rate	-	1,826	-	767
Experience adjustments	-	(263)	-	(475)
Total	-	1,419	-	333

Principal actuarial assumptions at the reporting date are as at December 31, 2017 and 2016, were as follows:-

(% per annum)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Discount rate	1.68-3.48	1.68-2.68
Salary increase rate	1.93-3.10	1.93-2.26
Employee turnover rate	0-54	17-47
Mortality rate (Thai Mortality Ordinary Table 2008)	100 of mortality	100 of mortality
Disability rate	10 of mortality	10 of mortality

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, were as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount Increase rate (0.50% movement)	(120)	(120)	(47)	(49)
Discount Decrease rate (0.50% movement)	126	127	49	51
Future salary growth Increase (0.50% movement)	134	120	48	44
Future salary growth Decrease (0.50% movement)	(128)	(114)	(47)	(42)
Employee turnover Increase rate (0.50% movement)	(155)	(138)	(67)	(61)
Employee turnover Decrease rate (0.50% movement)	102	91	71	64

22. Deferred tax liabilities

Deferred tax liabilities as at December 31, 2017 and 2016, were as follows:-

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Deferred tax assets	-	-
Deferred tax liabilities	(77,884)	(87,959)
Net	(77,884)	(87,959)

The movements of deferred tax liabilities for the year ended December 31, 2017 and 2016, were as follows:-

	(Unit : Thousand Baht)		
	<u>Consolidated financial statements</u>		
	As at	(Charged)/credited to	As at
	January 1, 2017	profit or loss	December 31, 2017
		(Note 26)	
Deferred tax liabilities			
Property, plant and equipment	(87,959)	10,075	(77,884)
Total	(87,959)	10,075	(77,884)

	(Unit : Thousand Baht)		
	<u>Consolidated financial statements</u>		
	As at	(Charged)/credited to	As at
	January 1, 2016	profit or loss	December 31, 2016
		(Note 26)	
Deferred tax liabilities			
Property, plant and equipment	(93,503)	5,544	(87,959)
Total	(93,503)	5,544	(87,959)

As at December 31, 2017 and 2016, the Group had deductible temporary differences and tax losses carried forward in consolidated financial statements totaling amount of Baht 3,255.49 million and amount of Baht 1,933.19 million respectively and separate financial statements totaling amount of Baht 3,061.51 million and amount of Baht 1,737.50 million respectively which have not been recognized as deferred tax assets in the statements of financial position. Because it is not probable that it will be able to utilize the tax benefit in the foreseeable future.

23. Share capital

The movement of share capital for the year ended December 31, 2017 and 2016, were as follow:-

	Consolidated/Separate financial statements				
		2017		2016	
	Par Value	Number of share	Amount	Number of share	Amount
	(Baht)	(Thousand shares)	(Thousand baht)	(Thousand shares)	(Thousand baht)
Authorized share capital					
Ordinary shares at beginning of the year	1.00	9,600,000	9,600,000	2,400,000	2,400,000
<u>Add</u> Increase ordinary shares	1.00	-	-	7,200,000	7,200,000
Ordinary shares at end of the year	1.00	9,600,000	9,600,000	9,600,000	9,600,000
Issue and paid-up share capital					
Ordinary shares at beginning of the year	1.00	3,115,268	3,115,268	2,400,000	2,400,000
<u>Add</u> Increase ordinary shares	1.00	-	-	715,268	715,268
Ordinary shares at end of the year	1.00	3,115,268	3,115,268	3,115,268	3,115,268

According the resolution of Extraordinary meeting No. 1/2017, dated October 20, 2016, which could be summarized a significant resolution as follows:-

1. Approved to increase of registered capital of the Company at the amount of Baht 7,200,000,000 from the existing registered capital of Baht 2,400,000,000 to Baht 9,600,000,000 by issuing 7,200,000,000 newly issued ordinary shares with a par value of Baht 1.00, for offering to the existing shareholders (Right Offering) and reserve for the exercise the first series of warrants (RICH-W1).
2. Approved to amendment of the Company's Memorandum of Association to be in line with the capital increase.

3. Approved to allocation of 7,200,000,000 newly ordinary shares at the par value of Baht 1.00 with the details as follows:-
 - 3.1 The newly issued ordinary shares in the number of not exceeding 4,800,000,000 shares shall be allotted for the existing shareholders of the Company, at ratio of 1 existing shares to 2 new ordinary shares, at the offering price of Baht 0.30 per share. The Company received proceeds from the increasing in share capital of Baht 214.58 million. As a result, authorized share capital increasing of Baht 715.27 million and discount on share capital increasing of Baht 500.69 million.
 - 3.2 The newly issued shares in the number of not exceeding 2,400,000,000 shares, shall be allotted to reserve for the exercise of the first series of warrant (RICH-W1) which offers to the existing shareholders who subscribed for increased shares at the ratio of 2 increased ordinary shares for 1 unit of RICH-W1 without charge. Exercise price is Baht 1.00 per share. 1 unit of warrants has right to purchase 1 new ordinary share.
4. Approved to the issuance of the first series warrants of Rich Asia Corporation Public Company Limited (RICH-W1) of 2,400,000,000 units. Offering to the existing shareholders of the Company who subscribed for new ordinary shares at a ratio of 2 new ordinary shares to 1 unit of warrant RICH-W1 without charge.

The Company has already registered the increase registered capital and paid-up share with the Department of Business Development, Ministry of Commerce on November 3, 2016 and December 2, 2016 respectively.

Capital management

The objectives of the Group's capital management are arrangement of appropriated financial structure and maintenance of ability in continuously business operation whereas there is policy of debt to equity ratio maintenance to hold in the rate that the Group can operate business while there is appropriated capital cost burden including policy of debt to equity ratio maintenance to comply with term in the loan contract that there are related financial institutes.

As at December 31, 2017 and 2016, in the consolidated financial statements, the debt to equity ratio is (2.10) : 1.00 and 21.10 : 1.00 respectively and the separate financial statements, the debt to equity ratio is (2.06) : 1.00 and 44.13 : 1.00 respectively.

24. Warrants

Type of warrants	:	Warrants No. 1 appropriated for the former shareholders of the Company (Warrants No. 1 or “RICH-W1”)
Number of warrants	:	357,634,117 units
Term of warrants	:	2 years from the issuance date. (Date of issuance is on December 16, 2017 and the Maturity Date is on December 14, 2018)
Exercise Price	:	At Baht 1.00 per share (par value at Baht 1.00)
First exercise date	:	December 15, 2017
Last exercise date	:	December 14, 2018
Outstanding unit as at December 31, 2017	:	357,634,117 units

25. Expenses by nature

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Changing within finished goods and work in process	40,839	128,125	13,728	158,058
Raw material used	256,053	507,132	-	98,568
Value of purchase inventory for sale	342,866	2,370,877	572,724	2,515,998
Reversal loss from declining in value of inventories	(1,855)	(3,243)	(360)	(4,074)
Employee expenses	15,715	32,972	3,840	20,385
Depreciation	67,035	68,901	9,416	9,543
Doubtful accounts	1,130,254	1,100,734	1,023,900	1,058,446
Impairment loss on investment in subsidiary	-	-	97,018	61,062
Unrealized gain from exchange rate	(7,955)	(674)	(8,033)	(647)
Loss from written-off assets	3	-	3	-
Other expenses	74,890	62,247	63,218	49,892
Finance costs	183,130	156,318	183,059	156,227
Total	2,100,975	4,423,416	1,958,513	4,123,458

26. Income tax revenue

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax expenses:	-	-	-	-
Deferred tax expense (Note 22)				
Movements in temporary differences	(10,075)	(5,544)	-	-
Total	(10,075)	(5,544)	-	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2017 and 2016, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting loss before tax	(1,430,069)	(1,206,932)	(1,324,578)	(1,137,891)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(286,014)	(241,386)	(264,916)	(227,578)
Effect from change of deferred tax	(10,075)	(5,544)	-	-
Tax effect of income exempt from tax and expenses that are not considered as taxable expenses	247,798	239,411	224,215	230,475
Current year (profit) losses for which no deferred tax asset was recognised	50,940	6,464	40,701	(2,897)
Effect of elimination entry on the consolidated financial statements	(12,724)	(4,489)	-	-
Income tax revenues reported in comprehensive income statement	(10,075)	(5,544)	-	-

27. Basic loss per share and diluted loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the number of issued and paid-up ordinary shares during the period.

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Loss for the year (Unit : Thousand Baht)	(1,318,091)	(1,144,830)	(1,324,578)	(1,137,891)
The number of issued and paid-up ordinary shares				
(Unit : Thousand shares)	3,115,268	2,458,628	3,115,268	2,458,628
Basic loss per share (Baht/share)	(0.42)	(0.47)	(0.43)	(0.46)

The Company calculates the weighted-average of number of issued and paid-up ordinary shares during for the year ended December 31, 2016, is as follow:-

<u>Date</u>	<u>Ordinary shares</u>				
	<u>Number of shares</u> (Unit : Thousand share)	<u>Payment proportions</u> (Percentage)	<u>Equivalent</u> (Thousand share)	<u>Period</u> (Days)	<u>Number of share for days</u> (Thousand share)
Jan 1-Dec 31, 16	2,400,000	100.00	2,400,000	366/366	2,400,000
Dec 2-Dec 31, 16	715,268	100.00	7,152,680	30/366	58,628
Total					2,458,628

For the diluted loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and paid-up is adjusted to assume conversion of all dilutive potential ordinary shares, which is calculated by the weighted average number of ordinary shares which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of warrant would be considered to have been received from the issue of shares at fair value. The company has not show diluted loss per share for the year ended December 31, 2017, because the average fair price of the ordinary share is lower than the exercise price of the warrant.

28. Segment information

Segment information is presented in respect of the Group business segments.

Operating segment information is reported in a manner consistent with the internal reports of the Group that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

Segment results and operating assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

For the years ended December 31, 2017 and 2016, the Group has only one major geographic segment is a produce and distribution of steel product business

Geographic segments

Management considers that the Group operate in a single geographic area, mainly in Thailand, and has, therefore, only one major geographic segment.

Major customers

For the year ended December 31, 2017, revenues from 4 customer amount of Baht 635.21 million of the Group total revenues. (2016 : revenues from 4 customer amount of Baht 1,130.03 million.)

29. Obligations and contingent liabilities

Certain liabilities shown on the financial statements, the Group still remains contingent liabilities with commercial banks and third party as follows:-

29.1 The Group had letter of guarantee has bank as follows:-

	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31</u>		<u>As at December 31</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
- Letter of guarantee has bank deposit of				
the Group pledge for collateral	3.50	3.50	1.85	1.85

29.2 Litigation

As at December 31, 2017 and 2016, a lawsuit had been filed against the Company claiming in the amount of Baht 25.35 million. This comprised debt amount of Baht 24.61 million arising from the purchase of goods and interest charges amount of Baht 0.74 million and interest rate at 12.00% per annum until the payment is settled. The civil court ordered the Company to pay the creditor. Currently the Company has already paid the whole amount of principle debt. The remaining interest expenses amount of Baht 0.84 million, the Company has negotiated with creditor to waived the remaining amount.

On March 31, 2017, a lawsuit had been filed against the subsidiary regarding breach of the contract for work hiring which claiming in the amount of Baht 1.63 million. The subsidiary submitted a filed against a lawsuit. Later, on December 26, 2017 the Court dismissed the case.

29.3 Tax assessment

During the quarter 1/2017, the Company received a value added tax assessment notice from the Revenue Department, covering the years 2012 through 2014, and assessing tax amounting to approximately Baht 202.13 million (including penalties and surcharges). The Company did not agree with the assessments and submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department on April 11, 2017 and the appeal is currently under consideration by the Committee. However, the management believe that the outcome of the case will be favorable to the Company and therefore, the Company has not recorded provision for the tax assessments in the accounts.

30. Financial instruments

30.1 Policy to manage financial risk

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

30.2 Interest rate risk

Interest rate risk is derived from fluctuation of interest rates in the future which affects upon operation result and the cash flow. The Group constitute risk from rate of interest in deposits at financial institutions, loan to related company, bank overdrafts, loan from the financial institutions, loan from others person and companies, loans from related company and liabilities under finance lease agreement.

(Unit: Million Baht)

	<u>Consolidated financial statements</u>			
	<u>Amount</u>		<u>Interest rate per annum(%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Saving deposit	101.62	0.98	0.10-0.50	0.10-0.75
Current bank deposit, interest-bearing	25.19	174.67	1.00	1.00
Short-term loans from to other person	-	30.00	-	6.50
Restriction bank deposit	3.83	3.80	0.80-1.00	0.40-0.88
Short-term loans from financial institutions	16.00	20.00	6.25-15.00	6.25
Short-term loan from other person and parties	125.00	133.48	7.50-15.00	7.50
Debentures	1,230.00	1,230.00	6.20-8.50	6.20-6.50
Debt under restructuring agreement	537.75	537.75	8.75-15.00	8.75-9.25

	<u>Separate financial statements</u>			
	<u>Amount</u>		<u>Interest rate per annum(%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Saving deposit	101.18	0.43	0.10-0.50	0.10-0.75
Current bank deposit, interest-bearing	25.19	174.67	1.00	1.00
Short-term loans to subsidiary company	389.20	389.20	8.00	8.00
Short-term loan to other person	-	30.00	-	6.50
Restriction bank deposit	1.93	1.91	0.88-1.00	0.40-0.88
Short-term loans from financial institutions	16.00	20.00	6.25-15.00	6.25
Short-term loan from other person and parties	125.00	133.48	7.50-15.00	7.50
Debentures	1,230.00	1,230.00	6.20-8.50	6.20-6.50
Debt under restructuring agreement	537.75	537.75	8.75-15.00	8.75-9.25

30.3 Exchange rate risk

The Group had exchange rate risk which involves with purchase or sales products in foreign currencies as a result, the Group constitute risk with respect to the change of exchange rate. However, the Group will consider using appropriately financial derivative so as to hedge against such risk when the exchange rate situation holds unstable trend. The Group obtained liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows:-

<u>Currency</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>				
Million US Dollar	9.36	-	6.52	-
<u>Liabilities</u>				
Million US Dollar	2.57	2.57	2.57	2.57

30.4 Credit risk

The Group obtain credit risk to trade debts. However, the mainly customers of the Group were capability repayment. As result, the Group do not anticipate material losses from their debt collection outside those for which provision has already been set aside.

30.5 Fair Value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Group's management believes such financial assets and liabilities are presented in value not materially different from relevant fair value

31. Fair value hierarchy

As of December 31, 2017 and 2016, the Group had the assets and liabilities that were disclosed fair value which using different levels of inputs to be used in fair value measurement as follows:-

(Unit : Million Baht)

	<u>Consolidated/Separate financial statements</u>							
	<u>As at December 31, 2017</u>				<u>As at December 31, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets disclosed at fair value</u>								
Investment properties (Note 13)	-	-	30.56	30.56	-	-	22.03	22.03
<u>Liabilities disclosed at fair value</u>								
Debentures (Note 19)	-	-	-	-	-	1,230.82	-	1,230.82

32. Provident fund

The Company had provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E.2530, in the name of "TISCO 2 Registered Provident Fund". The fund is contributed to by the Company and its employees at rates ranging from 2% of the employees' salaries the Fund is managed by Tisco Securities Company Limited and will be paid to the employees upon termination in accordance with the rules of fund. The contributions are recognized as expenses in the year in when they are incurred. For the year ended 2017 and 2016, the Company has provident fund expense in amount of Baht 0.26 million and Baht 0.27 million respectively.

33. Event after the reporting period

According the resolution of the Debenture Holders' Meeting No. 1/2018 for the Company's debenture holder No.1/2015, No.2/2015 and No.3/2015, dated February 2, 2018, which could be summarized a significant resolution as follows:

1. Acknowledge results of request for business rehabilitation.
2. Considerations for initial process to rectify the defaulted debt repayment whereby partial repayment of the principal will be made and provide third party collateral. The resolution of the debenture holders' meeting was approved.
3. Considerations for process of partial of principle debenture repayment whereby the Company has agreed for partial repayment of the principal of Baht 400.00 million, all repayment will be made to every debenture holder in proportion to the value of debentures. In this regard, the debenture holders will have to approve the agenda items 4 and 5, and with conditions requiring the debenture holders to submit letter of consent for business rehabilitation not less than Baht 922.50 million. The resolution of the debenture holders' meeting was approved.
4. Considerations for mortgage registration as debenture holder's insurance whereby the Company has given consent for Rich Asia Industry Co., Ltd. mortgage its machinery as guarantee to the debenture holders in the amount of Baht 100.00 million. The resolution of the debenture holders' meeting was approved.
5. The Company has provided initial guidelines for the rectification for defaults of the Company's debt by submitting for new business rehabilitation. Whereby, when the Company is able to make partial repayment to debenture holders in Agenda 3 and mortgage its machinery as guarantee in Agenda 4, together with a private guarantee for the rest of the default for the debenture holders in Agenda 6, the debenture holders are to consider allowing the debenture holders signed letter of consent for the Company to enter Business Rehabilitation. Whereby, PCL Planner Co., Ltd. and Phoenix Advisory Services Co., Ltd. are assigned to be co-planner of the Company's Business Rehabilitation Plan. The resolution of the debenture holders' meeting was approved.

6. Considerations for guarantee and further repayment which the Debenture holders has proposed to Ms. Angkakarn Tantiviroon as Chief Executive Officer to sign for personal guarantee with credit limit Baht 830.00 million. And in the case of Rich Asia Industry Co., Ltd. can make 2nd machinery mortgaging for additional borrowing, Rich Asia Industry Co., Ltd. has to make additional repayment to debenture holders in the amount of Baht 50.00 million. The resolution of the debenture holders' meeting was approved.

34. Approval of financial statements

These consolidated and separated financial statements were authorized for issue by the Company's board of director on February 27, 2018.
