

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, 2018, 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, 2018, 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.

Material uncertainty on going concern

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, 2018 in the consolidated financial statements amount of Baht 632.35 million and in the separate financial statements amount of Baht 623.01 million and as at December 31, 2018 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,668.66 million and amount of Baht 2,179.27 million and total liabilities exceeded total assets by amount of Baht 1,912.52 million and amount of Baht 1,889.54 million respectively. These conditions, along with other matters as set forth in note to financial statements No. 2.2, 16, 18, 19, 20, 29 and 34.3 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.

Emphasis of matter and event

I draw attention to the note to financial statements as follows:-

1. As mention in note to financial statements No. 7.2(a) as at December 31, 2018 the Group and the Company has foreign account receivable in amount of Baht 318.75 Million and amount of Baht 227.47 million which recognized allowance for doubtful account in whole amount. Such receivable has condition to payment by letter of credit within 180 days, deliver goods at the factory of the Group (Ex-work). When payment is due, the debtor requests to postpone the repayment schedule and the debtor still requests to postpone the repayment several times in later. Finally, the Group and the Company filed a lawsuit against the Intellectual Property and International Trade Court to exercise the right to force the debtor to pay the debt. Afterward, on February 15, 2019, I informed the fact finding of such foreign receivable transaction to the Audit Committee of the Company under Section 89/25 of the Securities and Exchange Act B.E. 2535. Subsequently, I received a letter from the Audit Committee that the result of preliminary examination of such trade transaction and of asking the management of the Company about the details of the transaction, they found that the management has exercised judgment in accordance with the principles of corporate governance together with the general guidelines and practices in general business operations and Audit Committee instructed the management to be more careful in business management as well as to find various preventive measures to reducing the Company's credit risk to prevent the problem in the future. However, on August 15, 2019, The Group has withdrawn the case to bring the lawsuit to file the court which has jurisdiction. Because the case is the sale and delivery of goods in Thailand which are not the international trading under the jurisdiction of the Intellectual Property and International Trade Court. Currently, on September 2019 the debtor has entered into a letter of debt acceptance with the Group and the Company which will gradually pay the debt by 36-39 installments. However, the Group has not yet filed any additional lawsuits, due to being in the process of following up debt collection in according to the debt acceptance letter.

2. As mention in note to financial statements No. 7.2(b) and No. 10 the Group and the Company has trade accounts receivable and advance payment receivables for goods that have defaulted to repayment which the Group and the Company has recognized allowance for doubtful accounts in whole amount. Whereby, the Group and the Company is in the process to collect debt according to the compromise agreement. Therefore, as at December 31, 2018, the consolidated and separate financial statements the receivables of Group A amount of Baht 1,641.15 million and amount of Baht 1,479.79 million were defaulted to repayment in accordance with the compromise agreement. The Group and the Company appealed against the Civil Court to request an order to appoint the Enforcement Officer to enforce the debtors to pay debts under the civil court judgment. Including, the Group and the Company traced the land of the debtors with Land Department and not found their property. Thus, the Group and the Company filed the lawsuit to debtors against the Bankruptcy Court to request such debtors to pay the debts. Later, Central Bankruptcy Court has ordered to seize the debtor's assets under the Bankruptcy Act B.E. 2483 to enter the process of filed a request for payment with the Official Receiver. After the reporting period, the Central Bankruptcy Court has ordered 2 debtors for bankrupt. The amount of debt in the consolidated financial statements amount of Baht 315.51 million and in the separate financial statements amount of Baht 283.19 million. Furthermore, the receivables of Group B as in the consolidated and separate financial statements amount of Baht 401.28 million have been filed the lawsuit against the bankruptcy court by other companies and the central bankruptcy court has order to seize the debtor's assets. The Group and the Company is in the process to file a request for payment with the Official Receiver for futher process. After the reporting period, the Central Bankruptcy Court has ordered 2 debtors for bankrupt. The amount of debt in the consolidated financial statements and in the separate financial statements amount of Baht 401.28 million. Anyway, the management has explained that, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended of debt enforcement process and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Group and the Company filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

3. As mention in note to financial statements No. 7.5 the consolidated financial statement as at December 31, 2018, a subsidiary company has advance payment for future project-related person amount of Baht 12.00 million which according to the agreement of construction project acquirement. The agreement has continuously extended the term of service because the coordinating construction project has been postponed. The management believed that there is no risk to refund the advance payment if contract party cannot reach an agreement. And as mention in note to financial statements No. 7.6 such subsidiary has deposit payment for future project to 2 other companies amount of Baht 35.00 million. However, the projects did not start as in the plan. Anyway, the management believes that the subsidiary will be able to refund the whole amount of deposit payment because of the subsidiary received the post-dated cheques and title deed as collateral which is considered as a risk mitigation that is appropriate and sufficient for this situation.
4. As mention in the note to the financial statements No.33 the Company has restated adjustment the consolidated financial statements which regarding to correction an error of under recognition of investment in associate company with recognize by equity method. The consolidated statement of financial position as at December 31, 2017 and as at January 1, 2017, the consolidated statements of comprehensive income, the consolidated statements of changes in shareholders' equity and cash flows for the year ended December 31, 2017 presented as comparative information, have already been restated in order to reflect the adjustments.

Hereby, my opinion is not modified 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.

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.

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,

October 18, 2019

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017
			(Restated)	(Restated)		
Assets						
Current assets						
Cash and cash equivalents items	6	18,907,241.48	128,561,997.20	181,863,110.25	714,920.04	126,672,560.38
Trade and other receivable	5.1 and 7	95,508,859.54	335,286,592.37	1,305,828,916.66	8,530,128.13	219,592,607.35
Short-term loans to related parties	5.1	-	-	-	595,943,000.00	391,600,000.00
Short-term loans to other person	8	2,300,000.00	-	30,000,000.00	2,300,000.00	-
Inventories	9	30,483,050.10	88,537,046.69	116,750,215.53	3,617,035.65	65,498,876.82
Advance payment for goods	5.1 and 10	-	451,148.61	203,393,689.19	-	67,336,448.59
Total current assets		147,199,151.12	552,836,784.87	1,837,835,931.63	611,105,083.82	870,700,493.14
Non-current assets						
Bank deposit pledged as collateral		3,078,128.13	3,833,925.90	3,799,060.52	1,350,623.60	1,931,431.34
Investment in subsidiaries	11	-	-	-	53,947,249.93	208,056,070.29
Investment in associate	12	165,573,836.73	179,771,237.73	193,565,145.04	157,977,611.48	198,477,611.48
Investment property	13	6,085,831.72	7,006,140.45	7,926,449.18	6,085,831.72	7,006,140.45
Property, plant and equipment	14	648,926,613.15	686,925,025.67	752,415,067.13	72,161,507.27	52,571,270.34
Other non-current assets		3,938,685.09	2,849,318.06	2,887,699.54	683,548.38	238,005.00
Total non-current assets		827,603,094.82	880,385,647.81	960,593,421.41	292,206,372.38	468,280,528.90
Total assets		974,802,245.94	1,433,222,432.68	2,798,429,353.04	903,311,456.20	1,338,981,022.04

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, 2018

(Unit : Baht)

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017
			(Restated)	(Restated)		
<u>Liabilities and shareholders' equity</u>						
Current liabilities						
Short-term loans from financial institutions	16	15,400,000.00	16,000,000.00	20,000,000.00	15,400,000.00	16,000,000.00
Trade and other payable	5.1 and 17	407,533,643.97	293,274,847.07	275,760,992.97	382,049,544.99	265,164,806.00
Short-term loans from other persons and parties	18	125,000,000.00	125,000,000.00	133,481,503.27	125,000,000.00	125,000,000.00
Debentures	19	1,230,000,000.00	1,230,000,000.00	1,224,917,030.54	1,230,000,000.00	1,230,000,000.00
Liabilities under debt restructuring agreement	20	1,037,925,398.42	967,804,171.79	910,888,464.90	1,037,925,398.42	967,804,171.79
Total current liabilities		2,815,859,042.39	2,632,079,018.86	2,565,047,991.68	2,790,374,943.41	2,603,968,977.79
Non-current liabilities						
Employee benefit obligations	21	3,404,269.76	3,428,694.76	3,289,024.72	1,480,784.36	1,552,243.04
Deferred tax liabilities	22	67,060,180.70	77,883,924.46	87,958,623.58	-	-
Other non-current liabilities		1,000,000.00	-	-	1,000,000.00	-
Total non-current liabilities		71,464,450.46	81,312,619.22	91,247,648.30	2,480,784.36	1,552,243.04
Total liabilities		2,887,323,492.85	2,713,391,638.08	2,656,295,639.98	2,792,855,727.77	2,605,521,220.83
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	9,600,000,000.00
Issued and paid-up share capital						
3,115,269,786 ordinary shares @ Baht 1.00		3,115,269,786.00	3,115,268,236.00	3,115,268,236.00	3,115,269,786.00	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)	(1,062,822,976.61)
Deficit		(4,007,108,677.96)	(3,484,248,782.93)	(2,163,848,899.40)	(3,941,991,080.96)	(3,318,985,458.18)
Other component of shareholders' equity		73,689,101.23	73,689,101.23	73,689,101.23	-	-
Total shareholders' equity of the Company		(1,880,972,767.34)	(1,358,114,422.31)	(37,714,538.78)	(1,889,544,271.57)	(1,266,540,198.79)
Non-controlling interests		(31,548,479.57)	77,945,216.91	179,848,251.84	-	-
Total shareholders' equity		(1,912,521,246.91)	(1,280,169,205.40)	142,133,713.06	(1,889,544,271.57)	(1,266,540,198.79)
Total liabilities and shareholder's equity		974,802,245.94	1,433,222,432.68	2,798,429,353.04	903,311,456.20	1,338,981,022.04

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, 2018

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
			(Restated)		
Revenue					
Revenue from sales		264,242,189.00	666,883,865.01	224,847,751.07	604,735,164.42
Other incomes		5,604,536.20	15,485,623.02	955,600.97	29,199,769.32
Total revenues		269,846,725.20	682,369,488.03	225,803,352.04	633,934,933.74
Expenses					
Cost of sales	9	304,468,060.68	702,406,543.06	214,081,445.06	587,490,288.03
Selling expenses		2,627,711.48	10,986,513.64	1,814,412.33	7,060,735.18
Administrative expenses		53,886,656.46	63,185,137.44	39,216,577.98	48,972,565.11
Loss on impairment of investment in subsidiaries	11	-	-	154,108,820.36	97,017,850.55
Loss on impairment of investment in associate	12	-	-	40,500,000.00	-
Doubtful accounts	7, 8 and 10	299,115,388.72	1,130,253,820.04	193,372,093.66	1,023,900,100.82
Expenses from defaulted of advance payment for goods	10	32,963,498.05	-	-	-
Directors and Management's benefits	5.3	10,537,614.16	11,012,594.11	10,537,614.16	11,012,594.11
Finance cost		195,227,729.92	183,129,914.73	195,178,011.27	183,058,687.01
Total expenses		898,826,659.47	2,100,974,523.02	848,808,974.82	1,958,512,820.81
Loss before share of loss on investment in associate and income tax		(628,979,934.27)	(1,418,605,034.99)	(623,005,622.78)	(1,324,577,887.07)
Share of loss on investment in associate		(14,197,400.99)	(13,772,582.59)	-	-
Loss before income tax		(643,177,335.26)	(1,432,377,617.58)	(623,005,622.78)	(1,324,577,887.07)
Income tax revenue	26	10,823,743.75	10,074,699.12	-	-
Loss for the year		(632,353,591.51)	(1,422,302,918.46)	(623,005,622.78)	(1,324,577,887.07)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(632,353,591.51)	(1,422,302,918.46)	(623,005,622.78)	(1,324,577,887.07)
Loss for the year attributable to :					
Equity holders of the Company		(522,859,895.03)	(1,320,399,883.53)	(623,005,622.78)	(1,324,577,887.07)
Non-controlling interests of the subsidiaries		(109,493,696.48)	(101,903,034.93)	-	-
		(632,353,591.51)	(1,422,302,918.46)	(623,005,622.78)	(1,324,577,887.07)
Total comprehensive income attributable to :					
Equity holders of the Company		(522,859,895.03)	(1,320,399,883.53)	(623,005,622.78)	(1,324,577,887.07)
Non-controlling interests of the subsidiaries		(109,493,696.48)	(101,903,034.93)	-	-
		(632,353,591.51)	(1,422,302,918.46)	(623,005,622.78)	(1,324,577,887.07)
Basic loss per share					
Equity holders of the Company	27	(0.17)	(0.42)	(0.20)	(0.43)

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, 2018

(Unit : Baht)

	Notes	Issued and paid - up share capital	Discount on share capital	Deficit	Other component of shareholders'equity		Total shareholders'equity of the Company	Non - controlling interests	Total shareholders' equity
					Other changes resulting from shareholders				
					Surplus from change in equity interest in subsidiary company	Total Other component shareholders'equity			
Balances as at January 1, 2017 (previously reported)		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
The effect of correction of errors	33	-	-	16,204,724.35	-	-	16,204,724.35	-	16,204,724.35
Balances as at January 1, 2017 (restated)		3,115,268,236.00	(1,062,822,976.61)	(2,163,848,899.40)	73,689,101.23	73,689,101.23	(37,714,538.78)	179,848,251.84	142,133,713.06
Loss for the year (restated)		-	-	(1,320,399,883.53)	-	-	(1,320,399,883.53)	(101,903,034.93)	(1,422,302,918.46)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	(1,320,399,883.53)	-	-	(1,320,399,883.53)	(101,903,034.93)	(1,422,302,918.46)
Ending balance as at December 31, 2017 (restated)		3,115,268,236.00	(1,062,822,976.61)	(3,484,248,782.93)	73,689,101.23	73,689,101.23	(1,358,114,422.31)	77,945,216.91	(1,280,169,205.40)
Loss for the year		-	-	(522,859,895.03)	-	-	(522,859,895.03)	(109,493,696.48)	(632,353,591.51)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	(522,859,895.03)	-	-	(522,859,895.03)	(109,493,696.48)	(632,353,591.51)
Increased ordinary shares	23	1,550.00	-	-	-	-	1,550.00	-	1,550.00
Ending balance as at December 31, 2018		3,115,269,786.00	(1,062,822,976.61)	(4,007,108,677.96)	73,689,101.23	73,689,101.23	(1,880,972,767.34)	(31,548,479.57)	(1,912,521,246.91)

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, 2018

(Unit : Baht)

		Issued and paid-up	Discount		
	Note	share capital	on share capital	Deficit	Total
Balance as at January 1, 2017		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)
Loss for the year		-	-	(623,005,622.78)	(623,005,622.78)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(623,005,622.78)	(623,005,622.78)
Increased ordinary shares	23	1,550.00	-	-	1,550.00
Ending balance as at December 31, 2018		3,115,269,786.00	(1,062,822,976.61)	(3,941,991,080.96)	(1,889,544,271.57)

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, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(Restated)			
Cash flows from operating activities				
Loss before income tax	(643,177,335.26)	(1,432,377,617.58)	(623,005,622.78)	(1,324,577,887.07)
Adjustments to reconcile loss before income tax for cash received (paid) from operation				
Depreciation	61,205,593.91	66,115,276.70	3,613,308.02	8,495,753.90
Depreciation for investment property	920,308.73	920,308.73	920,308.73	920,308.73
Doubtful accounts trade receivable and other receivable and advance payment for goods	303,415,388.72	1,100,253,820.05	197,672,093.66	993,900,100.82
Doubtful accounts short-term loans to other person (reversal)	(4,300,000.00)	30,000,000.00	(4,300,000.00)	30,000,000.00
Loss from declining in value of inventories (reversal)	1,189,672.52	(1,855,583.49)	(765,894.43)	(359,955.87)
Impairment loss on investment in subsidiaries	-	-	154,108,820.36	97,017,850.55
Impairment loss on investment in associate	-	-	40,500,000.00	-
Share of loss on investment in associate	14,197,400.99	13,772,582.59	-	-
Share of loss on inventories of investment in associate	-	21,324.72	-	-
Unrealized (gain) loss on exchange rate	1,843,749.10	(7,955,112.78)	1,028,509.74	(8,033,131.64)
(Profit) loss from disposal and write-off of assets	(6,541.06)	3,259.57	(6,541.06)	3,259.57
Employee benefits expense	67,938.34	456,961.04	71,555.68	227,337.04
Interest income	(523,034.54)	(2,961,587.54)	(135,369.18)	(18,231,338.26)
Interest expenses	195,144,393.06	183,020,498.73	195,144,393.06	183,009,759.01
Interest expenses of employee benefits	84,265.52	109,416.00	33,614.50	48,928.00
Loss from operation before changes in operating assets and liabilities	(69,938,199.97)	(50,476,453.26)	(35,120,823.70)	(37,579,015.22)
Operating assets (increase) decrease				
Trade and other receivable	(88,225,832.86)	(131,827,867.69)	(11,125,284.47)	(45,367,419.77)
Inventories	56,864,324.07	30,068,752.33	62,647,735.60	13,890,401.89
Advance payments for goods	451,148.61	205,992,073.29	67,336,448.59	142,377,801.35
Other non-current assets	(1,089,367.03)	38,381.48	(445,543.38)	539.96
Operating liabilities increase (decrease)				
Trade and other payable	(10,143,240.04)	(73,524,768.62)	(7,517,297.95)	(96,296,750.24)
Employee benefit obligation	(176,628.86)	(426,707.00)	(176,628.86)	(328,109.00)
Other non-current liabilities	1,000,000.00	-	1,000,000.00	-
Cash received (paid) from operation	(111,257,796.08)	(20,156,589.47)	76,598,605.83	(23,302,551.03)
Cash paid for income tax	(806,316.98)	(171,661.34)	(63,344.29)	(104,209.09)
Net cash received from (used in) operating activities	(112,064,113.06)	(20,328,250.81)	76,535,261.54	(23,406,760.12)

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, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(Restated)			
Cash flows from investing activities				
(Increase) decrease in bank deposits pledged as collateral	755,797.77	(34,865.38)	580,807.74	(17,804.97)
Cash payment for short-term loans from related parties	-	-	(249,532,687.00)	(65,000,000.00)
Cash received from short-term loans from related parties	-	-	45,189,687.00	62,600,000.00
Cash received from short-term loans from other person	2,000,000.00	-	2,000,000.00	-
Cash payment for purchase of property, plant and equipment	(254,631.43)	(628,494.81)	(250,994.99)	(75,682.00)
Cash received from sale of property, plant and equipment	6,542.06	-	6,542.06	-
Cash received from interest	523,283.23	2,036,885.53	135,377.60	7,348,779.10
Net cash received from (used in) investing activities	3,030,991.63	1,373,525.34	(201,871,267.59)	4,855,292.13
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(600,000.00)	(4,000,000.00)	(600,000.00)	(4,000,000.00)
Cash received from short-term loans from other persons and parties	-	1,000,000.00	-	-
Cash payment for short-term loans from other persons and parties	-	(11,000,000.00)	-	(10,000,000.00)
Cash paid for interest expenses	(23,184.29)	(20,346,387.58)	(23,184.29)	(20,335,647.86)
Cash received from increased ordinary capital shares	1,550.00	-	1,550.00	-
Net cash used in financing activities	(621,634.29)	(34,346,387.58)	(621,634.29)	(34,335,647.86)
Cash and cash equivalent items decrease-net	(109,654,755.72)	(53,301,113.05)	(125,957,640.34)	(52,887,115.85)
Cash and cash equivalent items at the beginning of the years	128,561,997.20	181,863,110.25	126,672,560.38	179,559,676.23
Cash and cash equivalent items at the end of the years	18,907,241.48	128,561,997.20	714,920.04	126,672,560.38
<u>Supplemental cash flow information</u>				
Non-cash transactions				
- Debtor settlement by transferred property, plant and equipment	22,952,550.96	-	22,952,550.96	-

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, 2018

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 distributor electric vehicles.

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, 2018 in the consolidated financial statements amount of Baht 632.35 million and in the separate financial statements amount of Baht 623.01 million (For the year ended December 31, 2017, the Group and the Company incurred a net loss in the consolidated financial statement amount of Baht 1,422.30 million and in the separate financial statement amount of Baht 1,324.58 million) and as at December 31, 2018 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,668.66 million and amount of Baht 2,179.27 million and total liabilities exceeded total assets by amount of Baht 1,912.52 million and amount of Baht 1,889.54 million respectively (As at December 31, 2017, the Group and the Company has 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 1,280.17 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, 29 and 34.3 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 has concluded the debt restructuring plan with debentures payables as mention in note to financial statements No. 19, 29.2(d) and 34.2 and preparing to new submit a petition for Business Rehabilitation to the Central Bankruptcy Court.

- 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 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and financial reporting interpretations (revised 2017) including guidance promulgated issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group and the Company’s financial statements.

2.5.3 Financial reporting standard that will become effective in the future

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards and interpretations financial reporting standards that are mandatory for annual periods beginning on or after January 1, 2019 and 2020. 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>Effective date</u>
<u>Thai Accounting Standards (TAS)</u>		
TAS 32	Financial Instruments: Presentation	January 1, 2020
<u>Thai Financial Reporting Standards (TFRS)</u>		
TFRS 7	Financial Instruments: Disclosures	January 1, 2020
TFRS 9	Financial Instruments	January 1, 2020
TFRS 15	Revenue from Contracts with Customers	January 1, 2019
TFRS 16	Leases	January 1, 2020
<u>Thai Financial Reporting Interpretations (TFRIC)</u>		
TFRIC 16	Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020

The management of the Group is in the process to assess the impact of this financial reporting standard to the financial statements in the year when it is adopted.

- 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 as well as investment in utilities and infrastructure	Thai	94.82	95.00
SKYWELL (THAILAND) Co., Ltd. (Formerly : Rich Asia Utilities Co., Ltd.)	Distributor electric vehicles	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

- 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
------------------	---	-------

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.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment.

- 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 categories 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivable</u>				
Rich Asia Industry Co., Ltd.	-	-	18,092	18,092
G.Y.T. Engineering Co., Ltd.	-	-	20	20
Thai National Product Co., Ltd.	-	416	-	416
Total	-	416	18,112	18,528
<u>Less</u> Allowance for doubtful debt	-	-	(18,092)	(18,092)
Trade and other receivable-net	-	416	20	436
<u>Advance payment for future project</u>				
Shareholders of the subsidiary companies (Note 7.5)	12,000	8,000	-	-
Total	12,000	8,000	-	-
<u>Advance payment for goods</u>				
Rich Asia Industry Co., Ltd.	-	-	-	67,290
Total	-	-	-	67,290
<u>Short-term loans to related parties</u>				
Rich Asia Industry Co., Ltd.				
Beginning balance	-	-	391,600	389,200
Addition	-	-	249,533	5,000
Repayment	-	-	(45,190)	(2,600)
Ending balance	-	-	595,943	391,600
G.Y.T. Engineering Co., Ltd.				
Beginning balance	-	-	-	-
Addition	-	-	-	60,000
Repayment	-	-	-	(60,000)
Ending balance	-	-	-	-
Total short-term loans to related parties	-	-	595,943	391,600

As at December 31, 2018, the Company had short-term loans to the subsidiary company amount of Baht 595.94 million which due within 2019, is carried by interest rate of 8.00% per annum.

As at December 31, 2017, the Company had short-term loans to the subsidiary company which due within 2018, is carried by interest rate of 8.00% per annum.

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.

As at December 31, 2018 the subsidiary company has mortgaged land, building and certain machinery as collateral to debenture payables of the Company for guarantee the repayment in credit limit amount of Baht 500.00 million temporarily until to repayment. However, these mortgages are belonging collateral part of the short-term loans to the subsidiary company as mention in note to financial statements No. 14, 19 and 29.2(d). After the reporting period, the subsidiary company has sold land and building to the representative of debenture holder and subrogate the right from the existing debenture holders as mention in note to financial statements No. 34.2.

(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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other payable</u>				
Rich Asia Industry Co., Ltd.	-	-	6,607	9,908
G.T. Steel Works Co., Ltd.	11,747	11,747	11,747	11,747
Director	617	620	18	21
Total	12,364	12,367	18,372	21,676
<u>Advance received for goods</u>				
Thai National Product Co., Ltd.	-	1,109	-	-
Total	-	1,109	-	-

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with related person and related companies</u>				
Revenues from sales of goods	11,676	389	824	389
Other expenses	323	309	323	309
<u>Transaction with subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Revenues from sales of goods	-	-	-	58,319
Revenues from sales of raw materials	-	-	-	41,104
Rental income	-	-	240	240
Interest income	-	-	-	15,442
Purchase of goods	-	-	147,168	212,972
Subcontract production cost	-	-	297	1,338
Other expenses	-	-	286	3

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	10,449	10,926	10,449	10,926
Post-employment benefits	89	86	89	86
Total	10,538	11,012	10,538	11,012

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
Rental income	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 8.00% per annum (2017 : Interest rate 1.00%-8.00% per annum)

The Company's director has guaranteed the Company's credit facilities from financial institution and debenture payables as mention in note to financial statements No. 15 and 19. No fees are charged for these guarantees.

The other company has brought land and building guarantee the Company's credit facilities from financial institutions as mention in note to financial statements No.15 and 20. 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.	Procurement of material, equipment and technology as well as investment in utilities and infrastructure	Subsidiary
SKYWELL(THAILAND) Co., Ltd. (Formerly : Rich Asia Utilities Co., Ltd.)	Distributor electric vehicles	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
Mr. Somkiat Vongsarojana		Director
Mr. Teera Phoncharoensuk		Managing Director
Mr. Thanathorn Boonsiripattanacharoen		Director
		Shareholders of the subsidiary company

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	80	97	53	47
Savings deposits	62	101,623	-	101,180
Current deposits	18,765	26,842	662	25,446
Total	18,907	128,562	715	126,673

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivable-related parties	-	416	-	416
Trade receivable-other parties	2,116,216	2,125,754	1,850,060	1,859,843
Cheques received-other parties	63,607	39,170	36,360	39,170
Total trade receivable	2,179,823	2,165,340	1,886,420	1,899,429
<u>Less</u> Allowance for doubtful accounts	(2,143,833)	(1,843,418)	(1,879,633)	(1,681,961)
Total trade receivable-net	35,990	321,922	6,787	217,468
Other receivable-related parties	-	-	18,112	18,112
Other receivable-other parties	2,213	1,623	1,416	1,450
Revenue department receivable	4,227	7	-	-
Advance-payment for loan procurement	5,000	3,000	-	-
Advance-payment for future project-other persons	3,000	-	-	-
Advance-payment for future project-related persons	12,000	8,000	-	-
Advance payment to guarantee the future project	35,000	-	-	-
Others	2,494	2,150	1,722	2,070
Total other receivable	63,934	14,780	21,250	21,632
<u>Less</u> Allowance for doubtful accounts	(4,415)	(1,415)	(19,507)	(19,507)
Total other receivable-net	59,519	13,365	1,743	2,125
Total trade and other receivable	95,509	335,287	8,530	219,593

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within credit term	-	416	-	416
Total	-	416	-	416

The normal credit term granted by the Group is 7-120 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within credit term	35,420	306,989	6,277	214,346
Over due 1 to 90 days	-	2,029	-	2,029
Over due 91 to 180 days	17,459	11,611	17,459	-
Over due 181 to 365 days	301,292	431,525	210,009	402,589
Over due over 1 year	1,825,652	1,412,770	1,652,675	1,280,049
Total	2,179,823	2,164,924	1,886,420	1,899,013
<u>Less</u> Allowance for doubtful debts	(2,143,833)	(1,843,418)	(1,879,633)	(1,681,961)
Net	35,990	321,506	6,787	217,052

The normal credit term granted by the Group is 7-120 days. However, the Company has the credit term for foreign receivable is 180 days with payment by letter of credit.

- (a) As at December 31, 2018 and 2017, the consolidated financial statements, account receivable amount of Baht 318.75 million and amount of Baht 303.69 million (The separate financial statements amount of Baht 227.47 million and amount of Baht 211.59 million) respectively were foreign account receivable with settlement by letter of credit 180 days, deliver goods at the factory of the Group (Ex-work) with amount of foreign currency in the consolidated financial statements is equivalent USD 9.92 million (The separate financial statements is equivalent USD 7.08 million). Such receivable is due to repayment on June 19, 2018 and August 20 and 23, 2018. When due such receivable postpones the repayment to August 31, 2018 and inform the Company regarding the delay payment of debts due to their total credit line is being revised by bank.

When it due as at August 31, 2018 the receivable request to extend the repayment to October 31, 2018 and when it due the receivable request to extend the repayment to November 20, 2018 plus default interest rate 8.00% per annum.

In December 2018, the Group filed a lawsuit against the Intellectual Property and International Trade Court to exercise the right to force the debtor to repayment and the Group has recognized allowance for doubtful in the whole amount of debtor.

Later, in February-May 2019, the Company's Audit Committee has verified such transaction since they acknowledge the notice from the Company's auditor under Section 89/25 of the Securities and Exchange Act B.E. 2535. So, the result of preliminary examination of such trade transaction and of asking the management of the Company about the details of the transaction which executed by the Audit Committee, they found that the management has exercised judgment in accordance with the principles of corporate governance together with the general guidelines and practices in general business operations and instructed the management to be more careful in business management as well as to find various preventive measures to reducing the Company's credit risk to prevent the problem in the future.

However, on August 15, 2019, The Group has withdrawn the case to bring the lawsuit to file the court which has jurisdiction. Because the case is the sale and delivery of goods in Thailand which are not the international trading under the jurisdiction of the Intellectual Property and International Trade Court. However, the Group is continuously asking for debt collection with foreign debtors. On September 6, 2019, foreign debtors authorized a representative in Thailand whom entered into a letter of debt acceptance with the Group, by accepting the trade debts in amount of USD 9.92 million in the consolidated financial statements and amount of USD 7.08 million in separate financial statements which including an interest from defaulted repayment in amount of USD 0.29 million in the consolidated financial statements and amount of USD 0.19 million in separate financial statements. The letter of debt acceptance request to debt repayment by installments in 39 installments and when the payment of trade debt is completed the Group will be release the defaulted interest to the debtor which has details of payment to the Company and subsidiary company as follows.

The detail of monthly installment to the Company for the debt amount of USD 7,075,842.88 which commencing from October 2019 to December 2022 totaling 39 installments are as follows:

<u>Periods</u>	<u>Detail</u>	<u>Total</u> <u>amount (USD)</u>
1 - 6	USD 30,000.00 per installment	180,000.00
7 - 9	USD 50,000.00 per installment	150,000.00
10 - 12	USD 70,000.00 per installment	210,000.00
13 - 15	USD 100,000.00 per installment	300,000.00
16 - 21	USD 200,000.00 per installment	1,200,000.00
22 - 27	USD 250,000.00 per installment	1,500,000.00
28 - 38	USD 300,000.00 per installment	3,300,000.00
39	Remaining USD 235,842.88	235,842.88
	Total	<u>7,075,842.88</u>

The detail of monthly installment to the subsidiary company for the debt amount of USD 2,839,565.74 which commencing from January 2020 to December 2022 totaling 36 installments are as follows:

<u>Periods</u>	<u>Detail</u>	<u>Total</u> <u>amount (USD)</u>
1 - 3	USD 20,000.00 per installment	60,000.00
4 - 7	USD 30,000.00 per installment	720,000.00
28 - 30	USD 200,000.00 per installment	600,000.00
31 - 35	USD 250,000.00 per installment	1,250,000.00
36	Remaining USD 209,566.74	209,565.74
	Total	<u>2,839,565.74</u>

However, the Group has not yet filed any additional lawsuits, due to being in the process of following up debt collection in according to the letter of debt acceptance. In October 2019, the Group has collected debt repayment from such foreign trade receivables in the consolidated financial statements in amount of USD 0.05 million and the separate financial statements in amount USD 0.03 million.

(b) As at December 31, 2018 and 2017, the consolidated financial statements, there are 11 accounts receivable total amount of Baht 1,825.75 million and amount of Baht 1,844.30 million. (The separate financial statements, there are 10 accounts receivable total amount of Baht 1,652.68 million and amount of Baht 1,682.64 million) respectively. 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 and separate financial statements for the whole amount. However, 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. Currently is in the process to collect debt according to the compromise agreement including additional legal action to enforce debt repayment for the debtors which defaulted to repayment. The Group have reversed an allowance for doubtful account from debt collection for the year ended December 31, 2018 in the consolidated amount of Baht 29.95 million. (The separate financial statements amount of Baht 29.80 million). However, such receivables have defaulted to repayment according to the compromise agreement. The Group has taken additional legal action for the defaulted debtor.

As at December 31, 2018 and 2017, the consolidated and separate financial statements, the default trade receivables have detail of follow-up for repayment as followings.

(Unit : Thousand Baht)						
Detail	<u>Consolidated financial statements</u>			<u>Separate financial statements</u>		
	<u>Number of</u>	<u>Book value</u>		<u>Number of</u>	<u>Book value</u>	
		<u>As at December 31,</u>			<u>As at December 31,</u>	
	<u>accounts</u>	<u>2018</u>	<u>2017</u>	<u>accounts</u>	<u>2018</u>	<u>2017</u>
Group A	6	1,440,589	1,466,979	6	1,279,223	1,305,322
Group B	1	245,670	248,524	1	245,670	248,524
Group C	1	122,372	123,022	1	122,372	123,022
Group D	3	17,020	5,770	2	5,410	5,770
Total	11	1,825,751	1,844,295	10	1,652,675	1,682,638
<u>Less</u> Allowance for doubtful accounts		(1,825,081)	(1,843,418)		(1,652,165)	(1,681,961)
Net		570	877		510	677

The receivables of Group A were defaulted to repayment in accordance with the compromise agreement. The Company and subsidiary appealed against the Civil Court to request an order to appoint the Enforcement Officer to enforce the debtors to pay debts to the Group under the civil court judgment. Including, the Group and the Company traced the land of the debtors with Land Department and not found their property. Thus, the Company and subsidiary filed the lawsuit to debtors against the Bankruptcy Court to request such debtors to pay the debts to the Group. Later, Central Bankruptcy Court has ordered to seize the debtor's assets under the Bankruptcy Act B.E. 2483 to enter the process of filed a request for payment with the Official Receiver. After the reporting period, the Central Bankruptcy Court has ordered 2 debtors for bankrupt which the amount of debt in the consolidated financial statements amount of Baht 315.51 million and in the separate financial statements amount of Baht 283.19 million.

The receivables of Group B were defaulted to repayment in accordance with the compromise agreement. The Company traced the land of the debtors with Land Department and not found their property. However, the receivables Group B have been filed the lawsuit against the Bankruptcy Court by other company and the Central Bankruptcy Court has ordered to seize the debtor's assets. The Company is in the process to file a request for payment with the Official Receiver. After the reporting period, the Central Bankruptcy Court has ordered the debtor for bankrupt the amount of debt in the consolidated financial statements and in the separate financial statements amount of Baht 245.67 million.

The receivables of Group C were defaulted to repayment in accordance with the compromise agreement which the Company and subsidiary are in the process to asking the debtors to pay the debts under the compromise agreement.

The receivables of Group D were debtors who are being installment payment to the Group in accordance with the compromise agreement.

However, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended of debt enforcement process and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Company and subsidiary filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

Movements of allowance for doubtful debts trade and other receivable for the year ended December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(1,844,833)	(741,529)	(1,701,468)	(704,518)
Increase during the year	(333,362)	(1,105,636)	(227,468)	(999,082)
Reversal during the year	29,947	2,332	29,796	2,132
Ending balance	(2,148,248)	(1,844,833)	(1,899,140)	(1,701,468)

7.3 As at December 31, 2018 and 2017, the consolidated financial statements, advance payment for loan procurement amount of Baht 5.00 million and amount of Baht 3.00 million respectively is advance payment to an agent who will be finding the source of loan for the subsidiary company in the loan amount not less than amount of Baht 600.00 million. The fees for proceed of loan not exceeding 5.00% of loan granted. which approved by the board of director meeting No. 13/2017 of the subsidiary dated on November 23, 2017. However, if the agent cannot find a loan, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum.

7.4 As at December 31, 2018, the consolidated financial statements advance payment for future project-other person amount of Baht 3.00 million is advance payment for future construction project which approved by the board of director meeting No. 7/2018 of the subsidiary dated on August 14, 2018. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount. Later, on November 16, 2018, the advance payment has defaulted on repayment to the subsidiary company. The subsidiary company has notified prosecution against the debtor to enforce debt repayment. The subsidiary company set up the allowance for doubtful accounts for the whole amount.

7.5 As at December 31, 2018 and 2017, the consolidated financial statements, advance payment for future project-related persons amount of Baht 12.00 million and amount of Baht 8.00 million respectively is advance payment for future construction project to the Shareholders of the subsidiary company (Percentage of shareholdings is 0.02%) which according to the agreement of construction project acquirement. The transaction has approved by the board of director meeting No. 6/2017 of the subsidiary dated on November 17, 2017 and No. 2/2018 dated on February 21, 2018. The contract determines service fees to compensate for the coordination in order to get the job as the percentage of the project value received. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum. The term of contract is 180 days, when due the counterparty has extended the term, due to such construction project has postpone. However, the management believes that the subsidiary company will receive a full amount of advance payment if the contract party cannot reach agreement.

7.6 As at December 31, 2018, the consolidated financial statements, advance payment to guarantee the project the amount of Baht 35.00 million derived from the contract of hire and accepted to hire for a part of the construction project which the subsidiary company has paid an advance payment to 2 non-related companies as security to guarantee for acceptance of hiring contract which has detail as follows :

The first contract :-

The contract dated September 21, 2018. The contract has determined the director of counterparty company is the guarantor for the deposit in amount of Baht 25.00 million and determined to the director of counterparty handovers the Nor. Sor. 3 Kor. and title deed in Prachuap Khiri Kkan and Bangkok in the amount of 8 title deeds to the subsidiary company for mortgage securities, including handover the postdated cheque, dated December 21, 2018 to the subsidiary company for guarantee in which the case of redeem the advance payment from the counterparty company. The transaction has approved by the board of director meeting No.10/2018 of the subsidiary dated on September 19, 2018. Nevertheless, the counterparty and the subsidiary company did not register such land mortgage with the Department of Lands and does not appraise the value of lands which pledge for collateral. However, the operation of the contract was disrupted. Later, on December 21, 2018, the contract party changed the postdated cheque in the amount of 12 cheques, dated in February to July 2019, with a check value of Baht 1.50-3.00 million each, totaling a value of Baht

25.00 million. Currently, the subsidiary company has collected the cash from 3 cheques amount of Baht 5.00 million. Later, the contract party changed the postdated cheque latest by separate to repayment in 16 installments totaling amount of Baht 20.00 million as followings.

<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>	<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>
1	Aug 13, 2019	Baht 1.00 million	9	Feb 1, 2020	Baht 0.50 million
2	Aug 28, 2019	Baht 0.50 million	10	Mar 1, 2020	Baht 0.50 million
3	Sep 16, 2019	Baht 0.50 million	11	Apr 1, 2020	Baht 0.50 million
4	Sep 27, 2019	Baht 0.50 million	12	May 1, 2020	Baht 0.50 million
5	Oct 10, 2019	Baht 0.50 million	13	Jun 1, 2020	Baht 0.50 million
6	Oct 31, 2019	Baht 12.00 million	14	Jul 1, 2020	Baht 0.50 million
7	Dec 1, 2019	Baht 0.50 million	15	Aug 1, 2020	Baht 0.50 million
8	Jan 1, 2020	Baht 0.50 million	16	Sep 1, 2020	Baht 0.50 million

Currently, the Company has received payment in the first to fifth installments amount of Baht 3.00 million. The subsidiary company has negotiated with the contract party by requesting to appoint a representative from the subsidiary company for cash monitoring of the counter party's company. By appointed the subsidiary company representative to Co-authorized to approved any withdrawal of the contract party's bank account.

The second contract :-

The contract dated October 26, 2018. The contract has determined the director of counterparty company is the guarantor for the deposit in amount of Baht 10.00 million and determined to the director of counterparty handovers the title deed in Chiang Mai in the amount of 4 title deeds to the subsidiary company for mortgage securities, including handover the postdated cheque, dated on April 26, 2019 to the subsidiary company for guarantee in which the case of redeem the advance payment from the counterparty subsidiary company. The transaction has approved by the board of director meeting No. 12/2018 of the subsidiary dated on October 24, 2018. Nevertheless, the counterparty and the subsidiary company did not register such land mortgage with the Department of Lands and does not appraise the value of lands which pledge for collateral. However, the operation of the contract was disrupted. Later, on July 2, 2019, the contract party has changed the collateral by changing to a new title deed in Chiang Rai replace of the former

and issue 4 cheques for assurance the payments with include interest in total amount of Baht 11.44 million as follows.

<u>Period</u>	<u>Cheque dated</u>	<u>Amount</u>
1	September 20, 2019	Baht 0.68 million
2	September 30, 2019	Baht 5.00 million
3	October 30, 2019	Baht 0.76 million
4	October 30, 2019	Baht 5.00 million

Later, on July 2, 2019, the contract party has changed the cheques for assurance the payments with include interest the first and second installments anew dated in November 30, 2019, for both cheques with value as cheques for assurance the payments have amount of Baht 0.82 million and Baht 5.00 million.

The management of the subsidiary company believes that obtaining such post dated cheque and title deed from counterparty are appropriate and adequate to reduce the risk from refundable deposit and believes that the subsidiary company will refund the deposit in the whole amount.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term loans to other person	28,000	30,000	28,000	30,000
<u>Less</u> Allowance for doubtful account	(25,700)	(30,000)	(25,700)	(30,000)
Net	2,300	-	2,300	-

Movements of allowance for declining in value of inventories for the year ended December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(30,000)	-	(30,000)	-
Received during the year	4,300	(30,000)	4,300	(30,000)
Ending balance	(25,700)	(30,000)	(25,700)	(30,000)

As at December 31, 2018 and 2017, 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.

However, the borrower and the Company entered into compromise agreement, the borrower agreed to repayment to the Company amount of Baht 2.00 million within December 31, 2018, and the remaining will repay by installment 42 periods, with the 1st to 6th installments of Baht 300,000 per installment. The 7th to 41st installments of Baht 500,000 per installment and the final installments of Baht 8,700,000, the first installment commencing in January 31, 2019.

However, The Company have reversed an allowance for doubtful account from debt collection for the year ended December 31, 2018 in the consolidated and the separate financial statements amount of Baht 4.30 million.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	26,171	44,882	3,032	33,577
Work in process	6	4	-	-
Raw materials	6,627	44,750	733	31,250
Supplies	4,571	4,604	1,388	1,442
Total	37,375	94,240	5,153	66,269
<u>Less</u> Allowance for declining in value of inventories	(6,892)	(5,703)	(1,536)	(770)
Net	30,483	88,537	3,617	65,499

Movements of allowance for declining in value of inventories for the year ended December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(5,703)	(7,558)	(770)	(1,130)
Reversal (increase) during the period	(1,189)	1,855	(766)	360
Ending balance	(6,892)	(5,703)	(1,536)	(770)

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of inventory record as expense and include in the cost of goods sold				
- Cost of goods sold	303,279	704,262	213,315	587,850
- Loss from allowance for decline in value of inventories (reversal)	1,195	(1,855)	766	(360)
- Loss from allowance for decline in value of advance payment for goods (reversal)	(6)	-	-	-
Net	304,468	702,407	214,081	587,490

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Advance payments for goods-related parties	-	-	-	67,290
Advance payments for goods-other parties	361,843	362,294	361,843	361,889
Total	361,843	362,294	361,843	429,179
<u>Less</u> Allowance for doubtful accounts	(361,843)	(361,843)	(361,843)	(361,843)
Net	-	451	-	67,336

For the year ended December 31, 2018 and 2017, no movement of allowance for declining in value of inventories of advance payment.

Movements of allowance for doubtful account of advance payment for the year ended December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(361,843)	(364,892)	(361,843)	(364,892)
Increase during the year	(31,798)	-	-	-
Reversal during the year	31,798	3,049	-	3,049
Ending balance	(361,843)	(361,843)	(361,843)	(361,843)

As at December 31, 2018 and 2017, the consolidated and separate financial statements, the Company has advance payment for goods to 3 suppliers with total amount of Baht 361.84 million for both years, 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. The Company set up the allowance for doubtful account in the consolidated and separate financial statements whole amount. Later, 2 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. However, such receivables have defaulted to repayment according to the compromise agreement. The Company has taken additional legal action for the defaulted debtor.

As at December 31, 2018 and 2017, the consolidated and separate financial statements, the 2 default receivables have detail of follow-up for repayment as followings.

(Unit : Thousand Baht)		
<u>Consolidated /Separate financial statements</u>		
<u>Detail</u>	<u>Book value</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
The 1 st amount 1	200,567	200,613
The 2 nd amount 1	155,607	155,607
Total	356,174	356,220
<u>Less</u> Allowance for doubtful accounts	(356,174)	(356,174)
Net	-	46

The 1st default receivable was defaulted to repayment in accordance with the compromise agreement. The Company appealed against the Civil Court to request an order to appoint the Enforcement Officer to enforce the debtor to pay debt to the Company under the civil court judgment. Including, the Company traced the land of the debtors with Land Department and not found their property. Thus, the Company filed the lawsuit to debtor against the Bankruptcy Court to request such debtor to pay the debt to the Company. Later, in January-February 2019 Central Bankruptcy Court has ordered to seize the debtor's assets under the Bankruptcy Act B.E. 2483 to enter the process of filed a request for payment with the Official Receiver.

The 2nd default receivable was defaulted to repayment in accordance with the compromise agreement. The Company traced the land of the debtors with Land Department and not found their property. However, such receivable has been filed the lawsuit against the Bankruptcy Court by other company and the Central Bankruptcy Court has ordered to seize the debtor's assets. The Company is in the process to file a request for payment with the Official Receiver. After the reporting period, the Central Bankruptcy Court has ordered the debtors to be bankrupt, in the consolidated and separate financial statements amount of Baht 155.61 million.

However, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Company and subsidiary filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

The consolidated financial statements for year ended December 31 2018, the subsidiary company has advance payment for goods which is advance payment for purchase raw material to 2 overseas supplies. The advance payment for first supplier is amount of Baht 34.23 million and the second is amount of Baht 29.37 million and totaling amount of Baht 63.60 million which recognize allowance for doubtful debt amount of Baht 31.80 million. The sale contract is required the subsidiary company to pay in advance at the rate of 10% of the value contract and the remaining 90% of total amount will be payment by letter of credit. The subsidiary company has entered into a business co-operation framework agreement with a foreign company. Under the terms of business co-operation framework agreement, such foreign company will issue letter of credit to pay the remaining 90%. However, when it dues the foreign partner informs to the subsidiary company that they cannot open letter of credit to pay for the goods. The subsidiary company has negotiated with overseas suppliers to refund the advance payment. Anyway, the overseas suppliers notice to the subsidiary company, they will charge with all and any damages, costs and expenses incurred which has final conclusion as following.

The first overseas supplier has advance payment amount of Baht 34.23 million, they refund to the subsidiary company amount of Baht 15.26 million and charge for legal expense, cargo expenses and loss on exchange rate totaling in amount of Baht 18.97 million. The subsidiary company recognizes such damage to expenses from defaulted of advance payment for goods in whole amount.

The second overseas supplier has advance payment amount of Baht 29.37 million. The overseas supplier will not refund the advance payment to the subsidiary company and request the subsidiary company to seek others buyer enter to contract instead the subsidiary company and paid the 90% which is remaining amount of cost of raw material. Currently, the subsidiary company has sought the buyer to enter in to the contract instead. However, the buyer will compensate the advance payment to the subsidiary company amount of Baht 15.38 million and requests the discount for the purchase transaction amount of Baht 13.99 million. The subsidiary company recognizes such discount to the buyer are expenses from defaulted of advance payment for goods amount of Baht 13.99 million. Presently, the subsidiary company has refunded the advance payment from such buyer.

11. Investment in subsidiaries

Consisted of:-

(Unit : Thousand Baht)

Name of companies	Paid-up share capital		Percentage of shareholding(%)		Separate financial statements			
					Investment		Dividend	
					cost method		For the year ended	
					As at December 31,		December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017
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	94.82	19,675	19,675	-	-
Skywell (Thailand) 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.					(493,800)	(348,931)		
Allowance for impairment loss- G.Y.T. Engineering Co., Ltd.					(8,500)	-		
Allowance for impairment loss- Skywell (Thailand) Co., Ltd					(740)	-		
Net					53,947	208,056		

Movement of allowance for impairment loss for the year ended December 31, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)

	Separate financial statements	
	For the year ended December 31,	
	2018	2017
Beginning balance	(348,931)	(251,913)
Increase during the year	(154,109)	(97,018)
Ending balance	(503,040)	(348,931)

Non-controlling interests

Subsidiary with material non-controlling interests is as follow:-

(Unit : Thousand Baht)

Name of companies	Proportion of ownership		Total comprehensive			
	interests held by the NCI		income allocated to NCI		Accumulated NCI	
	As at		For the year ended		As at	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Rich Asia Industry Co., Ltd.	48.12%	48.12%	(109,183)	(101,895)	(32,204)	76,980

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>2018</u>	<u>2017</u>
Current assets	125,341	141,573
Non-current assets	581,672	638,778
Total assets	707,013	780,351
Current liabilities	(704,977)	(540,638)
Non-current liabilities	(68,960)	(79,738)
Total liabilities	(773,937)	(620,376)
Equity attributable to the Company's shareholders	(34,720)	82,995
Non-controlling interests	(32,204)	76,980

	(Unit : Thousand Baht)	
	<u>Rich Asia Industry Co., Ltd.</u>	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Revenue	192,273	377,941
Loss for the year attributable to the Company's shareholders	(117,715)	(109,856)
Loss for the year attributable to non-controlling interests	(109,183)	(101,895)
Loss for the year	(226,898)	(211,751)
Other comprehensive income for the year	-	-
Total comprehensive income attributable to the Company's shareholders	(117,715)	(109,856)
Total comprehensive income attributable to non-controlling interests	(109,183)	(101,895)
Total comprehensive income for the year	(226,898)	(211,751)
Net cash from operating activities	(143,447)	12,360
Net cash from investing activities	(47,264)	(398)
Net cash from financing activities	194,008	(12,130)
Cash and cash equivalent items increase(decrease)-net	3,297	(168)

12. Investment in associate

Consisted of:-

(Unit : Thousand Baht)						
			<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Name of companies</u>	<u>Percentage of Shareholding(%)</u>		<u>Investment as</u>		<u>Investment as</u>	
			<u>equity method</u>		<u>cost method</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Thai National Product Co., Ltd.	29.89	29.89	165,574	179,771	198,478	198,478
<u>Less</u> Allowance for impairment loss			-	-	(40,500)	-
Net			165,574	179,771	157,978	198,478

Movement of allowance for impairment loss for the year ended December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance		-	-	-	-
Increase during the year		-	-	(40,500)	-
Ending balance		-	-	(40,500)	-

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>2018</u>	<u>2017</u>
Current assets	172,013	183,853
Non-current assets	307,287	310,363
Total assets	479,300	494,216
Current liabilities	(84,731)	(100,129)
Non-current liabilities	(5,917)	(6,172)
Total liabilities	(90,648)	(106,301)
Net assets	388,652	387,915

(Unit : Thousand Baht)		
<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2017</u>
Revenue	294,866	292,503
Profit for the year	737	1,977
Other comprehensive income for the year	-	-
Total comprehensive income for the year	737	1,977
Dividend received from associate for the year	-	-

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

(Unit: Thousand Baht)		
<u>As at December 31,</u>		
	<u>2018</u>	<u>2017</u>
Net assets of the associate	388,652	387,915
Shareholding of the company (%)	29.89	29.89
	116,168	115,948
Adjustment the fair value as at acquisition date	49,406	63,844
Other adjustments	-	(21)
Book value of the Company in associate	165,574	179,771

As at December 31, 2018 and 2017, the Company has pledge its shares of investment in associate 4,346,666 shares, equivalent to 16.04% of shareholdings for both years, 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, 2018 and 2017, were as follow:-

(Unit : Thousand Baht)			
Consolidated/Separate financial statements			
	Land	Buildings	Total
Cost :			
As at January 1, 2017	1,878	18,406	20,284
As at December 31, 2017	1,878	18,406	20,284
As at December 31, 2018	1,878	18,406	20,284
Accumulated depreciation :			
As at January 1, 2017	-	(12,358)	(12,358)
Depreciation for the year	-	(920)	(920)
As at December 31, 2017	-	(13,278)	(13,278)
Depreciation for the year	-	(920)	(920)
As at December 31, 2018	-	(14,198)	(14,198)
Book Value :			
As at December 31, 2017	1,878	5,128	7,006
As at December 31, 2018	1,878	4,208	6,086
The depreciation in profit or loss			
For the year ended December 31, 2017			920
For the year ended December 31, 2018			920
Fair value			
As at December 31, 2017			30,560
As at December 31, 2018			29,150

As at December 31, 2018 and 2017, 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, 2018 the fair value of investment property is in accordance to the valuation report dated on July 2017 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, 2018 and 2017, 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, 2017	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
Purchase	-	-	-	-	-	255	-	-	-	255
Transfer in	-	-	566	20,415	-	2,622	-	-	-	23,603
Written-off	-	-	-	-	-	-	-	(566)	(84)	(650)
Sale	-	-	-	-	-	-	(41)	-	-	(41)
As at December 31, 2018	316,565	849,154	5,977	1,228,419	12,158	28,927	14,110	-	39	2,455,349
Accumulated depreciation :										
As at January 1, 2017	(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)
Depreciation for the year	(431)	(29,818)	(346)	(29,464)	(404)	(668)	(74)	-	-	(61,206)
Sale	-	-	-	-	-	-	41	-	-	41
As at December 31, 2018	(50,513)	(646,523)	(3,019)	(1,054,564)	(11,891)	(25,871)	(14,041)	-	-	(1,806,422)
Net book value :										
As at December 31, 2017	266,483	232,450	2,738	182,904	671	847	143	566	123	686,925
As at December 31, 2018	266,052	202,631	2,958	173,855	267	3,056	69	-	39	648,927
The depreciation in profit or loss										
For the year ended December 31, 2017										66,115
For the year ended December 31, 2018										61,206

(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, 2017	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	-
Purchase	-	-	-	-	-	251	-	-
Transfer in	-	-	-	20,332	-	2,621	-	-
Sale	-	-	-	-	-	-	(41)	-
As at December 31, 2018	41,538	13,000	5,411	99,439	12,159	19,822	14,111	-
Accumulated depreciation :								
As at January 1, 2017	-	(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)	-
Depreciation for the year	-	(650)	(270)	(1,715)	(404)	(500)	(74)	-
Sale	-	-	-	-	-	-	41	-
As at December 31, 2018	-	(7,076)	(2,943)	(80,305)	(11,891)	(17,061)	(14,042)	-
Net book value :								
As at December 31, 2017	41,538	6,574	2,738	517	672	389	143	-
As at December 31, 2018	41,538	5,924	2,468	19,134	268	2,761	69	-

The depreciation in profit or loss

For the year ended December 31, 2017	8,496
For the year ended December 31, 2018	3,613

As at December 31, 2018 and 2017, the Group has pledged the part of land, property and machinery with the book value stated in the consolidated financial statements amount of Baht 650.65 million and amount of Baht 51.20 million respectively, to guarantee against credit facility of the Company that receives from commercial banks, financial institutions and debentures payable according to the note to financial statements No. 15 and 19.

As at December 31, 2018 and 2017, the Company has pledged the part of land, property and machinery with the book value stated in the separate financial statements amount of Baht 49.93 million and amount of Baht 51.20 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, 2018 and 2017, in the consolidated financial statements the Group had the assets which fully depreciated but still in used. The cost price was amount of Baht 238.74 million, the book value was amount of Baht 2,634.23 and the cost price was amount of Baht 168.87 million, the book value was amount Baht 2,597.30 respectively.

As at December 31, 2018 and 2017, in the separate financial statements the Company had the assets which fully depreciated but still in used. The cost price was amount of Baht 120.40 million, the book value was amount of Baht 556.01 and the cost price was amount of Baht 50.95 million, the book value was amount of Baht 541.08 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, 2018 and 2017, in amount of Baht 1,172.85 million for both years, it is pledged by the Company's land and buildings and certain machinery according to note to financial statements No. 13 and 14, some land and buildings of other company, land and buildings of director of the Company, a part of deposit at bank of the Company and its subsidiaries, other company and director 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>2018</u>	<u>2017</u>
Promissory notes		15,400	16,000
Total		15,400	16,000

As at December 31, 2018 and 2017, the Company has short term loan promissory notes in amount of Baht 15.40 million and amount of Baht 16.00 million respectively, 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 constitute collaterals according as mention in note to financial statements No. 15.

As at December 31, 2018 the financial institution has filed a lawsuit against the Company as mention in note to financial statement No. 29.2(b).

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payable-related parties		8,647	8,647	15,254	18,555
Trade payable-other parties		134,673	139,346	112,124	115,860
Other payable-related parties		3,118	3,121	3,118	3,121
Other payable-other parties		6,194	8,634	2,507	3,580
Advance received for goods-related parties		-	1,109	-	-
Advance received for goods-other parties		7,527	7,142	7,642	7,142
Accrued expenses-related parties		599	599	-	-
Accrued expenses-other parties		246,769	124,583	241,405	116,907
Post dated cheques-other parties		7	94	-	-
Total		407,534	293,275	382,050	265,165

18. Short-term loans from other persons and parties

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Short-term loans from other persons and parties	125,000	125,000
Total	125,000	125,000

As at December 31, 2018 and 2017, 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, 2018 and 2017, the short term loan from other persons and parties in amount of Baht 125.00 million for both years, 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, 2018 and 2017, 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>2018</u>	<u>2017</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			

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 230.00 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.

Later, 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 amount of 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 amount of 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.

However, as at December 31, 2018 the Company has not yet repaid the principle in amount of Baht 400.00 million to the debenture holder but the Company has mortgaged land, buildings and certain machinery of Rich Asia Industry Company Limited (the subsidiary company) as collateral for guarantee the repayment in credit limit amount of Baht 500.00 million as mention in note to financial statements No. 14 and the Company's Chief Executive Officer has already signed for personal guarantee the repayment to the debenture holder with credit limit in amount of Baht 830.00 million.

Anyway, the representative of debenture holders has filed a lawsuit to the Rich Asia Industry Company Limited (the subsidiary company) to enforce mortgage land and building which pledged as collateral as mention in note to financial statement No. 29.2(d).

20. Liabilities under debt restructuring agreement

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Principal amount	537,746	537,746
Accrued interest expenses	247,012	176,891
Accrued interest pending for waiving	253,167	253,167
Total	1,037,925	967,804

The movements of liabilities under debt restructuring agreement for the year ended December 31, 2018 and 2017, is as follow:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Book value at the beginning balance	967,804	910,888
Suspend accrued interest for the year	70,121	56,916
Book value at the ending balance	1,037,925	967,804

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

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, 2018, remaining balance amount of Baht 379.68 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 94.49 million and accrued interest pending for waiving amount of Baht 89.59 million (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), with interest rate at SPRL+1.00% per annum.
 - Second tranche : The credit line of Baht 275.00 million, as at December 31, 2018, remaining balance amount of Baht 288.74 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 73.26 million and accrued interest pending for waiving amount of Baht 74.48 million (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), with interest rate at SPR+1.25% per annum.
 - Third tranche : The credit line of Baht 250.00 million, as at December 31, 2018, remaining balance amount of Baht 167.07 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 26.94 million and accrued interest pending for waiving amount of Baht 40.67 million (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), with interest rate at SPR+1.25% per annum.

- Fourth tranche : The credit line of Baht 200.00 million, as at December 31, 2018, remaining balance amount of Baht 202.44 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 52.33 million and accrued interest pending for waiving amount of Baht 48.43 million (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), 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.

After the reporting period, the financial institution has filed a lawsuit to the Company as mention in the note to financial statements No.34.3.

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>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Employee benefit obligations as at January 1,	3,428	3,289	1,552	1,604
Current service cost	147	457	115	227
Interest cost	84	109	34	49
Reversal employee benefit obligations	(78)	-	(43)	-
Benefit paid	(177)	(427)	(177)	(328)
Employee benefit obligations as at December 31,	3,404	3,428	1,481	1,552

Expenses recognized in profit or loss for the year ended December 31, 2018 and 2017, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of goods sold	-	158	-	-
Selling expenses	7	7	5	5
Administrative expenses	51	206	21	136
Directors and management’s benefits	89	86	89	86
Finance cost	84	109	34	49
Total	231	566	149	276

Principal actuarial assumptions at the reporting date are as at December 31, 2018 and 2017, were as follows:-

	<u>(% per annum)</u>	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount Increase rate (0.50% movement)	(119)	(120)	(46)	(47)
Discount Decrease rate (0.50% movement)	125	126	48	49
Future salary growth Increase (0.50% movement)	152	134	55	48
Future salary growth Decrease (0.50% movement)	(145)	(128)	(53)	(47)
Employee turnover Increase rate (0.50% movement)	(175)	(155)	(76)	(67)
Employee turnover Decrease rate (0.50% movement)	117	102	80	71

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. On the April 5, 2019, Labor Protection Act has announcement in the Royal Gazette which effective on May 5, 2019. The Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company has recorded the effect of the change by recognizing past service costs as expenses in profit or loss of period in which the law effective.

22. Deferred tax liabilities

Deferred tax liabilities as at December 31, 2018 and 2017, were as follows:-

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Deferred tax assets	-	-
Deferred tax liabilities	(67,060)	(77,884)
Net	(67,060)	(77,884)

The movements of deferred tax liabilities for the year ended December 31, 2018 and 2017, were as follows:-

(Unit : Thousand Baht)			
Consolidated financial statements			
	As at January 1, 2018	(Charged)/credited to profit or loss (Note 26)	As at December 31, 2018
Deferred tax liabilities			
Property, plant and equipment	(77,884)	10,824	(67,060)
Total	(77,884)	10,824	(67,060)

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

As at December 31, 2018 and 2017, the Group and the Company had deductible temporary differences and tax losses carried forward in consolidated financial statements totaling amount of Baht 3,688.17 million and amount of Baht 3,227.00 million respectively and separate financial statements totaling amount of Baht 3,628.36 million and amount of Baht 3,045.80 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, 2018 and 2017, were as follow:-

	Consolidated/Separate financial statements				
	2018			2017	
	Par Value (Baht)	Number of share (Thousand shares)	Amount (Thousand baht)	Number of share (Thousand shares)	Amount (Thousand baht)
Authorized share capital					
Ordinary shares at beginning of the year	1.00	9,600,000	9,600,000	9,600,000	9,600,000
<u>Add</u> Increase ordinary shares	1.00	-	-	-	-
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	3,115,268	3,115,268
<u>Add</u> Increase ordinary shares	1.00	2	2	-	-
Ordinary shares at end of the year	1.00	3,115,270	3,115,270	3,115,268	3,115,268

In December 2018, the Company received proceeds from the increasing in share capital from the exercise of warrants RICH-W1 for 1,550 additional shares of Baht 1.00. As a result, issued share capital increasing Baht 3,115.27 million. The Company registered the increase in share capital from the exercise of the warrants with the Ministry of Commerce.

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, 2018 and 2017, in the consolidated financial statements, the debt to equity ratio is (1.49) : 1.00 and (2.10) : 1.00 respectively and the separate financial statements, the debt to equity ratio is (1.48) : 1.00 and (2.06) : 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)
Rights of warrants	: Exercise Ratio, 1 unit of warrant per 1 ordinary share (Exercise ratio and Exercise price may be subsequently adjusted in accordance with the conditions on the right adjustment)
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

The movement of warrants RICH-W1 for the year ended December 31, 2018 were as follow:-

	(Unit : Share)
Warrants issued as at January 1, 2018	357,634,117
<u>Less</u> Exercised during the year	(1,550)
Remaining unexercised warrants	357,632,567
<u>Less</u> Expired warrants	(357,632,567)
Warrants issued as at December 31, 2018	-

As at December 31, 2018, there is no outstanding balance of unexercised warrants to purchase ordinary shares (RIHC-W1) as due to its expiration of exercise date.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Changing within finished goods and work in process	18,712	40,839	30,545	13,728
Raw material used	153,702	256,053	-	-
Value of purchase inventory for sale	32,305	342,866	147,168	572,724
Loss from declining in value of inventories (reversal)	1,189	(1,855)	766	(359)
Employee expenses	28,887	30,232	18,361	18,357
Depreciation	62,126	67,035	4,534	9,416
Doubtful accounts	299,115	1,130,254	193,372	1,023,900
Impairment loss on investment in subsidiaries	-	-	154,109	97,018
Impairment loss on investment in associate	-	-	40,500	-
Unrealized (gain) loss from exchange rate	1,844	(7,955)	1,029	(8,033)
Loss from written-off assets	-	3	-	3
Goods used in construction	-	(242)	-	-
Other expenses	105,719	60,615	63,247	48,700
Finance costs	195,228	183,130	195,178	183,059
Total	898,827	2,100,975	848,809	1,958,513

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax expenses	-	-	-	-
Deferred tax expense (Note 22)				
Movements in temporary differences	(10,824)	(10,075)	-	-
Total	(10,824)	(10,075)	-	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2018 and 2017, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting loss before tax	(643,177)	(1,432,378)	(623,006)	(1,324,578)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(128,635)	(286,476)	(124,601)	(264,916)
Effect from change of deferred tax	(10,824)	(10,075)	-	-
Tax effect of income exempt from tax and expenses				
that are not considered as taxable expenses	107,113	247,798	85,824	224,215
Current year loss for which no deferred tax asset was recognised	55,432	50,940	38,777	40,701
Effect of elimination entry on the consolidated financial statements	(33,910)	(12,262)	-	-
Income tax revenues reported in comprehensive income statement	(10,824)	(10,075)	-	-

27. Basic 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss for the year (Unit : Thousand Baht)	(522,860)	(1,320,400)	(623,006)	(1,324,578)
The number of issued and paid-up ordinary shares				
(Unit : Thousand shares)	3,115,270	3,115,268	3,115,270	3,115,268
Basic loss per share (Baht/share)	(0.17)	(0.42)	(0.20)	(0.43)

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 years ended December 31, 2018 and 2017, 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 years ended December 31, 2018, the Group has revenues from 2 customers amount of Baht 168.04 million of the Group total revenues. (2017 : revenues from 4 customers, amount of Baht 635.21 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/Separate financial statements</u>			
	<u>As at December 31</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
- Letter of guarantee has bank deposit				
of the Group pledge for collateral	2.90	3.50	1.25	1.85

29.2 Litigation

- (a) As at December 31, 2018 and 2017, 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.

- (b) As at December 31, 2018, a lawsuit had been filed against the Company regarding breach of the contract, promissory notes, forced mortgage and guarantor as mention in note to financial statement No.16. Which claiming in the amount of Baht 19.73 million plus interest rate to 15.00% per annum. This principle debt amount of Baht 16.00 million. The Company has appeal against the judgement and the lawsuit has not been finalized. A lawsuit is in between considered of the Court.
- (c) As at December 31, 2018 and 2017 a lawsuit had been filed against Rich Asia Industry Company Limited (the subsidiary company) regarding breach of the contract for work hiring which claiming in the amount of Baht 1.63 million. The subsidiary company submitted a filed against a lawsuit. Later, on December 26, 2017 the Court dismissed the case. However, the plaintiff submitted a letter appealing to the court. Later, on September 27, 2018 the appeal court has reversal of civil court judgement and passes the judgement order to the subsidiary company pay the creditor in amount of Baht 1.21 million plus interest rate at 7.50% per annum. The subsidiary company has appeal against the judgement to the Supreme Court and of the lawsuit has not been finalized. A lawsuit is in between considered of the court and therefore the subsidiary company has not recorded provision liability.
- (d) As at December 31, 2018 a lawsuit had been filed against Rich Asia Industry Company Limited (the subsidiary company) from the representative of debenture holders of the Company regarding breach of contract and enforce mortgage land and building which the subsidiary company has pledge as collateral for guarantee the repayment to the debenture holders as mention in note to financial statement No. 19 in the credit limit in amount of Baht 400.00 million plus interest rate at 8.50% per annum. Later, the subsidiary company and the representative of debenture holders entered into compromise agreement as mention in the note to financial statements No. 34.2. In order to settle disputes in this lawsuit the Court considers that the compromise agreement is not against the law and therefore judges the lawsuit to be completed in accordance with the compromise agreement.

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 amount of 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. Anyway the Revenue Department has issued a warning letter to the Company to pay the outstanding taxes in February and August 2018 and has ordered to sequester some bank deposit account of the Company in September 2018. However, the management believes 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)

Consolidated financial statements

	<u>Amount</u>		<u>Interest rate per annum (%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Saving deposit	0.06	101.62	0.10-0.50	0.10-0.50
Current bank deposit, interest bearing	17.39	25.19	1.00	1.00
Short-term loans from to other person	2.30	-	-	-
Restriction bank deposit	3.08	3.83	0.80-1.00	0.80-1.00
Short-term loans from financial institutions	15.40	16.00	6.25-15.00	6.25-15.00
Short-term loan from other person and parties	125.00	125.00	7.50-15.00	7.50-15.00
Debentures	1,230.00	1,230.00	6.20-8.50	6.20-8.50
Debt under restructuring agreement	537.75	537.75	8.75-21.00	8.75-15.00

(Unit: Million Baht)

Separate financial statements

	<u>Amount</u>		<u>Interest rate per annum (%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Saving deposit	-	101.18	-	0.10-0.50
Current bank deposit, interest bearing	-	25.19	-	1.00
Short-term loans to subsidiary company	595.94	391.60	8.00	8.00
Short-term loan to other person	2.30	-	-	-
Restriction bank deposit	1.35	1.93	1.00	0.88-1.00
Short-term loans from financial institutions	15.40	16.00	6.25-15.00	6.25-15.00
Short-term loan from other person and parties	125.00	125.00	7.50-15.00	7.50-15.00
Debentures	1,230.00	1,230.00	6.50-8.50	6.20-8.50
Debt under restructuring agreement	537.75	537.75	8.75-21.00	8.75-15.00

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 assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows:-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
<u>Currency</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>				
Million US Dollor	9.92	9.36	7.08	6.52
<u>Liabilities</u>				
Million US Dollor	2.57	2.57	2.57	2.57

30.4 Credit risk

The Group obtain credit risk to trade debts. 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, 2018 and 2017, 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, 2018</u>				<u>As at December 31, 2017</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)	-	-	29.15	29.15	-	-	30.56	30.56

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 2018 and 2017, the Company has provident fund expense in amount of Baht 0.33 million and Baht 0.26 million respectively.

33 The correction of errors

The Group has corrected an error regarding recognition of investment in associated company with recognize by equity method in the consolidated financial statement due to the Group under recognized the difference between the cost of the investment and theirs share of the net fair value of the investee's identifiable assets and liabilities as at the date of such investment changed to associate company including share of gain or loss in depreciation on such assets. The Group correction of error by retrospective adjusted the consolidated financial statements presented herein for comparison, which the effect can be summaries are as follows:-

(Unit: Million Baht)			
Consolidated financial statements			
	Before adjustment	Adjustment	After adjustment
Statement of Financial Position			
As at January 1, 2017			
Investment in associate	177,360	16,205	193,565
Deficit	(2,180,053)	16,205	(2,163,848)
Statement of Financial Position			
As at December 31, 2017			
Investment in associate	165,875	13,896	179,771
Deficit	(3,498,144)	13,896	(3,484,248)
Statement of Comprehensive Income			
For the year ended December 31, 2017			
Share of loss on investment in associate	(11,463)	(2,310)	(13,773)

34. Event after the reporting period

34.1 In accordance with minute of the Extraordinary General Meeting of Shareholders of No. 1/2019 of Rich Asia Utilities Co, Ltd. (the subsidiary company) dated on February 11, 2019 has resolution approved to change the name memorandum of association and rubber stamp of the Company is SKYWELL (THAILAND) COMPANY LIMITED which the subsidiary company has registered with the ministry of Commerce on February 12, 2019.

34.2 In according with minute of the Company's board of directors meeting No. 1/2019 dated on February 18, 2019 has unanimously resolved for the Rich Asia Industry Co, Ltd. (the subsidiary company) to dispose of land and building at the price of Baht 550.00 million, which is in accordance with the resolution of Extraordinary General Shareholder Meeting No. 1/2019 of the subsidiary company dated on March 8, 2019, for repayment the debenture to the representative of debenture holder of the Company. The subsidiary company subrogated the right from the existing debenture holders. However, the land and buildings have fair value as of transaction dated according to the appraisal report with the valuation of land and buildings by an appraiser approved by the Securities and Exchange Commission (the "SEC") amount of Baht 502.90 million.

However, the subsidiary company has performed the legal transaction of disposing of land and buildings to the representative of debenture holder of the Company at the Samut Sakhon Land Office on August 23, 2019 and on the same day the subsidiary company entered into a lease agreement to rent is 2 years and 1 month at rate of Baht 0.53 million per month, starting from August 23, 2019 onwards. However, not less than 6 months before the end of the rental period, the representative of debenture holder of the Company and the subsidiary company agree to negotiate about the rental renewals. In case of there is on negotiation, it is considered that the subsidiary company does not desire to continue such rental assets and this disposal does not have an agreement or contract for the right to buy back.

34.3 In May 2019, a lawsuit had been filed against the Company regarding breach of the contract for credit, guarantor, forced mortgage, receiving debt condition and claiming damages as mention in note to financial statement No.20. Which claiming in the amount of Baht 1,117.27 million plus interest rate to 21.00% per annum. This principle debt amount of Baht 579.51 million. A lawsuit is in between considered of the Court.

34.4 In according with minute of the Company's board of directors meeting No. 3/2019 dated on September 9, 2019 has resolution to approve of the Company to dispose ordinary shares of Skywell (Thailand) Co., Ltd. (the subsidiary company) amount of 0.40 million shares with a par value of Bath 10.00 per share, which the Company has paid 25% of the shares, equivalent to Bath 2.50 per share to 2 other persons sold at the price of Bath 1.00 per share, equivalent to amount of Baht 0.40 million. As a result of the above sale of ordinary shares, the Company's shareholding in such subsidiary company changed from 99.99% to 19.99%.

35. Approval of financial statements

These consolidated and separated financial statements were authorized for issue by the Company's board of director on October 18, 2019.
