

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY INDEPENDENT AUDITOR**

To the Board of Directors of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED

I have reviewed the accompanying consolidated and separate statements of financial position as at September 30, 2018 and the related consolidated and separate statements of comprehensive income for the three-month and nine-month periods ended September 30, 2018, changes in shareholders' equity and cash flows for the nine-month period then ended and condensed notes to financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiaries and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED. The management of the entity is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements Code No. 2410 : "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

### **Emphasis of matter and event**

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

1. I draw attention to the note to financial statements No. 2.1 the Group and the Company incurred a net loss for the three-month and nine-month periods ended September 30, 2018 in the consolidated financial statements amount of Baht 395.81 million and amount of Baht 556.83 million and in the separate financial statements amount of Baht 414.92 million and amount of Baht 565.99 million respectively and as at September 30, 2018 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,610.81 million and amount of Baht 2,124.02 million and total liabilities exceeded total assets by amount of Baht 1,837.00 million and amount of Baht 1,832.53 million respectively. These conditions, along with other matters as set forth in note to financial statements No. 2.2, 15, 17, 18, 19, 26, 29.1 and 29.5 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.
2. As mention in note to financial statements No. 6.2(a) as at September 30, 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 request 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.

3. As mention in note to financial statements No. 6.2(b) and No. 9 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 September 30, 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.

4. As mention in note to financial statements No. 6.5 the consolidated financial statement as at September 30, 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. 6.6 and No. 29.2 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.
5. As mention in the note to the financial statements No. 28 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 related consolidated statement of financial position as at December 31, 2017 and as at January 1, 2017, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month and nine-month periods ended September 30, 2017 presented as comparative information, have already been restated in order to reflect the adjustments.

Hereby, my conclusion is not modified in respect of these matters.

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 September 30, 2018**

**(Unit : Thousand Baht)**

	Consolidated financial statements				Separate financial statements	
	Notes	As at			As at	
		September 30, 2018	December 31, 2017	January 1, 2017	September 30, 2018	December 31, 2017
		Unaudited  Limited review only	(Restated)	(Restated)	Unaudited  Limited review only	Audited
<u>Assets</u>						
Current assets						
Cash and cash equivalents items	5	40,319	128,562	181,863	157	126,673
Trade and other receivable	4.1 and 6	68,111	335,287	1,305,829	19,597	219,593
Short-term loans to related parties	4.1	-	-	-	584,135	391,600
Short-term loans to other person	7	4,300	-	30,000	4,300	-
Inventories	8	42,026	88,537	116,750	14,361	65,499
Advance payment for goods	4.1 and 9	-	451	203,394	-	67,336
Total current assets		154,756	552,837	1,837,836	622,550	870,701
Non-current assets						
Bank deposit pledged as collateral		3,672	3,834	3,800	1,945	1,931
Investment in subsidiaries	10	-	-	-	53,947	208,056
Investment in associate	11	169,925	179,771	193,565	157,978	198,478
Investment property	12	6,318	7,006	7,926	6,318	7,006
Property, plant and equipment	13	664,273	686,925	752,415	73,108	52,571
Other non-current assets		3,942	2,849	2,888	686	238
Total non-current assets		848,130	880,385	960,594	293,982	468,280
Total assets		1,002,886	1,433,222	2,798,430	916,532	1,338,981

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 September 30, 2018

(Unit : Thousand Baht)

		Consolidated financial statements			Separate financial statements	
		As at			As at	
	Notes	September 30, 2018	December 31, 2017	January 1, 2017	September 30, 2018	December 31, 2017
		Unaudited	(Restated)	(Restated)	Unaudited	Audited
		Limited review only			Limited review only	
<b><u>Liabilities and shareholders' equity</u></b>						
Current liabilities						
Short-term loans from financial institutions	15	16,000	16,000	20,000	16,000	16,000
Trade and other payable	4.1 and 16	375,699	293,275	275,761	356,700	265,165
Short-term loans from other persons and parties	17	125,000	125,000	133,482	125,000	125,000
Debentures	18	1,230,000	1,230,000	1,224,917	1,230,000	1,230,000
Liabilities under debt restructuring agreement	19	1,018,865	967,804	910,888	1,018,865	967,804
Total current liabilities		2,765,564	2,632,079	2,565,048	2,746,565	2,603,969
Non-current liabilities						
Employee benefit obligations	20	3,515	3,428	3,289	1,495	1,552
Deferred tax liabilities	21	69,806	77,884	87,959	-	-
Other non current liabilities		1,000	-	-	1,000	-
Total non-current liabilities		74,321	81,312	91,248	2,495	1,552
Total liabilities		2,839,885	2,713,391	2,656,296	2,749,060	2,605,521
Shareholders' equity						
Share capital						
Authorized share capital						
9,600,000,000 ordinary shares @ Baht 1.00		9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
Issued and paid-up share capital						
3,115,268,236 ordinary shares @ Baht 1.00		3,115,268	3,115,268	3,115,268	3,115,268	3,115,268
Discount on share capital		(1,062,823)	(1,062,823)	(1,062,823)	(1,062,823)	(1,062,823)
Deficit		(3,943,335)	(3,484,248)	(2,163,848)	(3,884,973)	(3,318,985)
Other component of shareholders' equity		73,689	73,689	73,689	-	-
Total shareholders' equity of the Company		(1,817,201)	(1,358,114)	(37,714)	(1,832,528)	(1,266,540)
Non-controlling interests		(19,798)	77,945	179,848	-	-
Total shareholders' equity		(1,836,999)	(1,280,169)	142,134	(1,832,528)	(1,266,540)
Total liabilities and shareholder's equity		1,002,886	1,433,222	2,798,430	916,532	1,338,981

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 three-month period ended September 30, 2018**

**(Unit : Thousand Baht)**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
		<b>(Restated)</b>			
Revenue					
Revenue from sales		51,327	31,804	51,034	31,771
Other incomes		1,609	3,717	66	3,738
Total revenues		52,936	35,521	51,100	35,509
Expenses					
Cost of sales		65,722	37,380	49,320	24,292
Selling expenses		503	580	374	311
Administrative expenses		12,897	16,517	9,458	12,167
Loss on impairment of investment in subsidiaries		-	-	91,840	-
Loss on impairment of investment in associate		-	-	40,500	-
Doubtful accounts		316,451	28,548	222,228	28,548
Directors and Management's benefits	4.3	2,656	2,670	2,656	2,670
Finance cost		49,661	47,063	49,647	47,043
Total expenses		447,890	132,758	466,023	115,031
Loss before share of loss on investment in associate and income tax		(394,954)	(97,237)	(414,923)	(79,522)
Share of loss on investment in associate		(3,547)	(3,297)	-	-
Loss before income tax		(398,501)	(100,534)	(414,923)	(79,522)
Income tax revenue	23	2,691	2,657	-	-
Loss for the period		(395,810)	(97,877)	(414,923)	(79,522)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(395,810)	(97,877)	(414,923)	(79,522)
Loss for the period attributable to :					
Equity holders of the Company		(338,058)	(90,741)	(414,923)	(79,522)
Non-controlling interests of the subsidiaries		(57,752)	(7,136)	-	-
		(395,810)	(97,877)	(414,923)	(79,522)
Total comprehensive income attributable to :					
Equity holders of the Company		(338,058)	(90,741)	(414,923)	(79,522)
Non-controlling interests of the subsidiaries		(57,752)	(7,136)	-	-
		(395,810)	(97,877)	(414,923)	(79,522)
Basic loss per share					
Equity holders of the Company (Unit : Baht)	24	(0.1085)	(0.0291)	(0.1332)	(0.0255)

**Unaudited**

**Limited review only**

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 nine-month period ended September 30, 2018**

**(Unit : Thousand Baht)**

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<b>(Restated)</b>			
Revenue					
Revenue from sales		195,667	363,999	184,370	388,473
Other incomes		3,193	11,370	337	26,703
Total revenues		198,860	375,369	184,707	415,176
Expenses					
Cost of sales	8	226,269	384,264	177,513	365,044
Selling expenses		1,892	1,851	1,463	668
Administrative expenses		41,022	50,696	31,122	40,173
Loss on impairment of investment in subsidiaries	10	-	-	154,109	69,476
Loss on impairment of investment in associate	11	-	-	40,500	-
Doubtful accounts	6, 7 and 9	299,115	1,133,039	193,372	1,013,689
Expenses from defaulted of advance payment for goods	9	32,963	-	-	-
Directors and Management's benefits	4.3	8,005	8,290	8,005	8,290
Finance cost		144,656	135,896	144,611	135,845
Total expenses		753,922	1,714,036	750,695	1,633,185
Loss before share of loss on investment in associate and income tax		(555,062)	(1,338,667)	(565,988)	(1,218,009)
Share of loss on investment in associate		(9,846)	(9,690)	-	-
Loss before income tax		(564,908)	(1,348,357)	(565,988)	(1,218,009)
Income tax revenue	23	8,078	7,384	-	-
Loss for the period		(556,830)	(1,340,973)	(565,988)	(1,218,009)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(556,830)	(1,340,973)	(565,988)	(1,218,009)
Loss for the period attributable to :					
Equity holders of the Company		(459,087)	(1,252,478)	(565,988)	(1,218,009)
Non-controlling interests of the subsidiaries		(97,743)	(88,495)	-	-
		(556,830)	(1,340,973)	(565,988)	(1,218,009)
Total comprehensive income attributable to :					
Equity holders of the Company		(459,087)	(1,252,478)	(565,988)	(1,218,009)
Non-controlling interests of the subsidiaries		(97,743)	(88,495)	-	-
		(556,830)	(1,340,973)	(565,988)	(1,218,009)
Basic loss per share					
Equity holders of the Company (Unit : Baht)	24	(0.1474)	(0.4020)	(0.1817)	(0.3910)

**Unaudited**

**Limited review only**

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 nine-month period ended September 30, 2018**

**(Unit : Thousand Baht)**

				Other component of shareholders' equity				
				Other changes resulting from shareholders				
	Issued and	Discount on		Surplus from change in	Total	Total	Total	
	paid-up	share capital		equity interest in	other component	shareholders' equity	Non-controlling	
Note	share capital	share capital	Deficit	subsidiary company	shareholders' equity	of the Company	interests	
Balances as at January 1, 2017 (previously reported)	3,115,268	(1,062,823)	(2,180,053)	73,689	73,689	(53,919)	179,848	
The effect of correction of errors	28	-	-	16,205	-	-	16,205	
Balance as at January 1, 2017 (restated)	3,115,268	(1,062,823)	(2,163,848)	73,689	73,689	(37,714)	179,848	
Loss for the period (restated)	-	-	(1,252,478)	-	-	(1,252,478)	(88,495)	
Other comprehensive income	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	(1,252,478)	-	-	(1,252,478)	(88,495)	
Ending balance as at September 30, 2017 (restated)	3,115,268	(1,062,823)	(3,416,326)	73,689	73,689	(1,290,192)	91,353	
Balances as at January 1, 2017 (previously reported)	3,115,268	(1,062,823)	(3,498,144)	73,689	73,689	(1,372,010)	77,945	
The effect of correction of errors	28	-	-	13,896	-	-	13,896	
Balance as at January 1, 2018	3,115,268	(1,062,823)	(3,484,248)	73,689	73,689	(1,358,114)	77,945	
Loss for the period	-	-	(459,087)	-	-	(459,087)	(97,743)	
Other comprehensive income	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	(459,087)	-	-	(459,087)	(97,743)	
Ending balance as at September 30, 2018	3,115,268	(1,062,823)	(3,943,335)	73,689	73,689	(1,817,201)	(19,798)	

**Unaudited**

**Limited review only**

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 nine-month period ended September 30, 2018**

**(Unit : Thousand Baht)**

	<b>Issued and paid-up</b>	<b>Discount</b>		
	<b>share capital</b>	<b>on share capital</b>	<b>Deficit</b>	<b>Total</b>
Balance as at January 1, 2017	3,115,268	(1,062,823)	(1,994,407)	58,038
Loss for the period	-	-	(1,218,009)	(1,218,009)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(1,218,009)	(1,218,009)
Ending balance as at September 30, 2017	3,115,268	(1,062,823)	(3,212,416)	(1,159,971)
Balance as at January 1, 2018	3,115,268	(1,062,823)	(3,318,985)	(1,266,540)
Loss for the period	-	-	(565,988)	(565,988)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(565,988)	(565,988)
Ending balance as at September 30, 2018	3,115,268	(1,062,823)	(3,884,973)	(1,832,528)

**Unaudited**

**Limited review only**

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 nine-month period ended September 30, 2018**

**(Unit : Thousand Baht)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>(Restated)</b>			
Cash flows from operating activities				
Loss before income tax	(564,908)	(1,348,357)	(565,988)	(1,218,009)
Adjustments to reconcile loss before income tax for cash received (paid) from operation				
Depreciation	45,816	49,581	2,627	6,361
Depreciation for investment property	688	688	688	688
Doubtful accounts trade receivable and advance payment for goods	303,415	1,103,039	197,672	983,689
Doubtful accounts short-term loans to other person (reversal)	(4,300)	30,000	(4,300)	30,000
Loss from declining in value of inventories (reversal)	962	(3,790)	622	(400)
Impairment loss on investment in subsidiaries	-	-	154,109	69,476
Impairment loss on investment in associate	-	-	40,500	-
Share of loss on investment in associate	9,846	9,690	-	-
Unrealized (gain) loss on exchange rate	3,138	(6,355)	2,322	(6,355)
Employee benefits expense	186	342	89	170
Interest income	(352)	(2,369)	(129)	(17,692)
Interest expenses	144,580	135,814	144,580	135,808
Interest expenses of employee benefits	78	82	31	37
Loss from operation before changes in operating assets and liabilities	(60,851)	(31,635)	(27,177)	(16,227)
Operating assets (increase) decrease				
Trade and other receivable	(60,935)	167,051	(22,220)	144,292
Inventories	45,549	(247,701)	50,516	(192,947)
Advance payment for goods	451	206,197	67,336	142,179
Other non-current assets	(1,093)	28	(448)	17
Operating liabilities increase (decrease)				
Trade and other payable	(11,773)	(90,816)	(2,662)	(96,942)
Employee benefit obligation	(177)	(368)	(177)	(368)
Other non-current liabilities	1,000	-	1,000	-
Cash received (paid) from operation	(87,829)	2,756	66,168	(19,996)
Cash paid for income tax	(700)	(96)	(35)	(83)
Net cash received from (used in) operating activities	(88,529)	2,660	66,133	(20,079)

**Unaudited**

**Limited review only**

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 nine-month period ended September 30, 2018**

**(Unit : Thousand Baht)**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>(Restated)</b>			
Cash flows from investing activities				
(Increase) decrease in bank deposits pledged as collateral	162	(28)	(14)	(12)
Cash payment for short-term loans to related parties	-	-	(224,955)	(60,000)
Cash received from short-term loans to related parties	-	-	32,420	60,000
Cash payment for purchase of property, plant and equipment	353	1,444	129	5,775
Cash received from interest	(211)	(619)	(211)	(76)
Net cash received from (used in) investing activities	304	797	(192,631)	5,687
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	-	(4,000)	-	(4,000)
Cash received from short-term loans from other persons and parties	-	1,000	-	-
Cash payment for short-term loans from other persons and parties	-	(10,000)	-	(10,000)
Cash paid for interest expenses	(18)	(20,330)	(18)	(20,330)
Net cash used in financing activities	(18)	(33,330)	(18)	(34,330)
Cash and cash equivalent items decrease-net	(88,243)	(29,873)	(126,516)	(48,722)
Cash and cash equivalent items at the beginning of the period	128,562	181,863	126,673	179,560
Cash and cash equivalent items at the end of the period	40,319	151,990	157	130,838

Supplemental cash flow information

Non-cash transactions

- Debtor settlement by transferred property, plant and equipment	22,953	-	22,953	-
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**Unaudited**

**Limited review only**

# **RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

## **NOTES TO FINANCIAL STATEMENTS**

**For the three-month and nine-month periods ended September 30, 2018**

**(UNAUDITED/LIMITED REVIEW ONLY)**

### **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 interim financial statements preparation and accounting policies**

#### **2.1 Going concern**

The Group and the Company incurred a net loss for the three-month and nine-month periods ended September 30, 2018 in the consolidated financial statement amount of Baht 395.81 million and amount of Baht 556.83 million and in the separate financial statement amount of Baht 414.92 million and amount of Baht 565.99 million respectively (For the three-month and nine-month periods ended September 30, 2017, the Group and the Company incurred a net loss in the consolidated financial statement amount of Baht 97.88 million and amount of Baht 1,340.97 million and in the separate financial statement amount of Baht 79.52 million and amount of Baht 1,218.01 million respectively) and as at September 30, 2018 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,610.81 million and amount of Baht 2,124.02 million and total liabilities exceeded total assets by amount of Baht 1,837.00 million and amount of Baht 1,832.53 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. 15, 17, 18, 19, 26, 29.1 and 29.5 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. 18, 26.2(c) and 29.4 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 interim financial statements are prepared in the condensed format and in accordance with Thai Accounting Standard No. 34 (Revised 2017) “Interim Financial Reporting” including interpretations and guidance promulgated by the Federation of Accounting Professions (“FAP”), related announcements of the Securities and Exchanges Commission. However, the Group and the Company has presented items in the statements of financial position, statements of comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.
- 2.5 The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2017. They do not include all of the financial information requires for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2017.
- 2.6 The interim financial statements are presented in Thai Baht, rounded to the nearest thousand baht unless otherwise stated.
- 2.7 Using of the significant accounting policies and the calculation method of the Group and the Company in the preparation of the interim financial statements for the three-month and nine-month periods ended September 30, 2018 are consistent with those used in the annual financial statements for the year ended December 31, 2017.
- 2.8 New financial reporting standards

2.8.1 Financial reporting standards that became effective in the current year

During the period, 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.

## 2.8.2 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.

## 3. Principles of interim consolidation financial statements

The interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2018 have been prepared by including the financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiaries (“The Group”) after eliminate the significant related party balances and transactions. The Company has shareholding in directly and indirectly on those subsidiaries as follows:-

<u>Name of subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholdings</u>	
			<u>As at September 30, 2018</u>	<u>December 31, 2017</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	94.82
SKYWELL(THAILAND) Co., Ltd. (Formerly : Rich Asia Utilities Co., Ltd.)	Distributor electric vehicles	Thai	99.99	99.99

The financial statements of subsidiaries are prepared using the report date as the Company and prepared using the same accounting policy for the same accounting items.



#### 4. 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:-

##### 4.1 Inter-assets and liabilities

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 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 company (Note 6.5)	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	-	-	224,955	5,000
Repayment	-	-	(32,420)	(2,600)
Ending balance	-	-	584,135	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	-	-	584,135	391,600

As at September 30, 2018, the Company had short-term loans to the subsidiary company in amount of Baht 188.70 million which due within 2019 and amount of Baht 395.44 million which due within 2018, 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 September 30, 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. 13, 18 and 26.2(c). 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. 29.4.

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
<u>Trade and other payable</u>				
Rich Asia Industry Co., Ltd.	-	-	10,776	9,908
G.T. Steel Works Co., Ltd.	11,747	11,747	11,747	11,747
Director	629	620	30	21
Total	12,376	12,367	22,553	21,676
<u>Advance received for goods</u>				
Thai National Product Co., Ltd.	-	1,109	-	-
Total	-	1,109	-	-

4.2 Inter-revenues and expenses

(Unit : Thousand Baht)

Consolidated financial statements Separate financial statementsFor the three-month periods ended September 30,

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with related person and related companies</u>				
Other expenses	82	84	82	84
<u>Transaction with subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Rental income	-	-	60	60
Interest income	-	-	-	2
Purchase of goods	-	-	40,903	28,820
Subcontract production cost	-	-	297	-
Other expenses	-	-	286	-

(Unit : Thousand Baht)

Consolidated financial statements Separate financial statementsFor the nine-month periods ended September 30,

	<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	-	824	-
Other expenses	249	237	249	237
<u>Transactions with subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Revenues from sale of goods	-	-	-	58,319
Revenues from sales of raw materials	-	-	-	41,104
Rental income	-	-	180	180
Interest income	-	-	-	15,442
Purchase of goods	-	-	121,343	199,093
Subcontract production cost	-	-	297	-
Other expenses	-	-	286	3

#### 4.3 Directors and management's benefits

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the three-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	2,634	2,648	2,634	2,648
Post-employment benefits	22	22	22	22
Total	2,656	2,670	2,656	2,670

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	7,938	8,225	7,938	8,225
Post-employment benefits	67	65	67	65
Total	8,005	8,290	8,005	8,290

#### 4.4 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 : 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. 14 and 18. 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.14 and 19. No fees are charged for these guarantees.

#### 4.5 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 Director
Mr. Somkiat Vongsarajana		Managing Director
Mr. Teera Phoncharoensuk		Director
Mr. Thanathorn Boonsiripattanacharoen		Shareholders of the subsidiary company

#### 5. Cash and cash equivalent items

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Cash	122	97	61	47
Savings deposits	36,123	101,623	-	101,180
Current deposits	3,374	26,842	96	25,446
Cheques on hand	700	-	-	-
Total	40,319	128,562	157	126,673

## 6. Trade and other receivable

Consisted of:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Trade receivable-related parties	-	416	-	416
Trade receivable-other parties	2,123,017	2,125,754	1,858,478	1,859,843
Cheques received-other parties	38,622	39,170	38,622	39,170
Total trade receivable	2,161,639	2,165,340	1,897,100	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	17,806	321,922	17,467	217,468
Other receivable-related parties	-	-	18,112	18,112
Other receivable-other parties	2,507	1,623	1,416	1,450
Revenue department receivable	4,358	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	25,000	-	-	-
Others	2,855	2,150	2,109	2,070
Total other receivable	54,720	14,780	21,637	21,632
<u>Less</u> Allowance for doubtful accounts	(4,415)	(1,415)	(19,507)	(19,507)
Total other receivable-net	50,305	13,365	2,130	2,125
Total trade and other receivable	68,111	335,287	19,597	219,593

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

### 6.1 Trade receivable-related parties

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Within credit term	-	416	-	416
Total	-	416	-	416

The normal credit term granted by the Group is 7-120 days.

6.2 Trade receivable-other parties

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Within credit term	14,424	306,989	14,215	214,346
Over due 1 to 90 days	111,660	2,029	20,307	2,029
Over due 91 to 180 days	209,713	11,611	209,713	-
Over due 181 to 365 days	-	431,525	-	402,589
Over due over 1 year	1,825,842	1,412,770	1,652,865	1,280,049
Total	2,161,639	2,164,924	1,897,100	1,899,013
<u>Less</u> Allowance for doubtful debts	(2,143,833)	(1,843,418)	(1,879,632)	(1,681,961)
Net	17,806	321,506	17,467	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 September 30, 2018 and December 31, 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 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 in 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 amount (USD)</u>
1 - 6	30,000.00 USD per installment	180,000.00
7 - 9	50,000.00 USD per installment	150,000.00
10 - 12	70,000.00 USD per installment	210,000.00
13 - 15	100,000.00 USD per installment	300,000.00
16 - 21	200,000.00 USD per installment	1,200,000.00
22 - 27	250,000.00 USD per installment	1,500,000.00
28 - 38	300,000.00 USD per installment	3,300,000.00
39	Remaining 235,842.88 USD	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 amount (USD)</u>
1 - 3	20,000.00 USD per installment	60,000.00
4 - 7	30,000.00 USD per installment	720,000.00
28 - 30	200,000.00 USD per installment	600,000.00
31 - 35	250,000.00 USD per installment	1,250,000.00
36	Remaining 209,566.74 USD	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 September 30, 2018 and December 31, 2017, the consolidated financial statements, there are 11 accounts receivable total amount of Baht 1,825.84 million and amount of Baht 1,844.30 million. (The separate financial statements, there are 10 accounts receivable total amount of Baht 1,652.86 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 September 30, 2018 and December 31, 2017, the consolidated and separate financial statements, the default trade receivables have detail of follow-up for repayment as followings.

(Unit : Thousand Baht)						
<u>Consolidated financial statements</u>				<u>Separate financial statements</u>		
<u>Detail</u>	<u>Number</u> <u>of accounts</u>	<u>Book value</u> <u>As at</u>		<u>Number</u> <u>of accounts</u>	<u>Book value</u> <u>As at</u>	
		<u>September 30, 2018</u>	<u>December 31, 2017</u>		<u>September 30, 2018</u>	<u>December 31, 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	122,472	123,022	1	122,472	123,022
Group D	3	17,110	5,770	2	5,500	5,770
Total	11	1,825,841	1,844,295	10	1,652,865	1,682,638
<u>Less</u> Allowance for doubtful accounts		(1,825,081)	(1,843,418)		(1,652,165)	(1,681,961)
Net		760	877		700	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 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 company 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 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 nine-month periods ended September 30, 2018 and 2017, are as follow:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</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 period	(333,362)	(1,107,436)	(227,468)	(988,086)
Reversal during the period	29,947	1,500	29,796	1,500
Ending balance	(2,148,248)	(1,847,465)	(1,899,140)	(1,691,104)

- 6.3 As at September 30, 2018 and December 31, 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.
- 6.4 As at September 30, 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.
- 6.5 As at September 30, 2018 and December 31, 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.

6.6 As at September 30, 2018, the consolidated financial statements, advance payment to guarantee the project the amount of Baht 25.00 million derived from the contract of hire and accepted to hire for a part of construction project which the subsidiary company has paid an advance payment to a non-related company as security to guarantee for acceptance of the hiring 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 cheque 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 management of the subsidiary company believes that obtaining such postdated 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.

#### 7. Short-term loans to other person

Consisted of:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Short-term loans to other person	30,000	30,000	30,000	30,000
<u>Less</u> Allowance for doubtful account	(25,700)	(30,000)	(25,700)	(30,000)
Net	4,300	-	4,300	-

Movements of allowance for doubtful debts short-term loans to other person for the nine-month periods ended September 30, 2018 and 2017, are as follow:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(30,000)	-	(30,000)	-
Increase during the period	4,300	(30,000)	4,300	(30,000)
Ending balance	(25,700)	(30,000)	(25,700)	(30,000)

As at September 30, 2018 and December 31, 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 1<sup>st</sup> to 6<sup>th</sup> installments of 300,000 Baht per installment. The 7<sup>th</sup> to 41<sup>st</sup> installments of 500,000 Baht per installment and the final installments of 8,700,000 Baht, the first installment commencing in January 31, 2019.

However, The Company have reversed an allowance for doubtful account from debt collection for the nine-month periods ended September 30, 2018 in the consolidated and the separate financial statements amount of Baht 4.30 million.

## 8. Inventories

Consisted of:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Finished goods	34,938	44,882	11,766	33,577
Work in process	47	4	-	-
Raw materials	9,023	44,750	2,537	31,250
Supplies	4,683	4,604	1,450	1,442
Total	48,691	94,240	15,753	66,269
<u>Less</u> Allowance for declining in value of inventories	(6,665)	(5,703)	(1,392)	(770)
Net	42,026	88,537	14,361	65,499

Movements of allowance for declining in value of inventories for the nine-month periods ended September 30, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</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	(962)	3,790	(622)	400
Ending balance	(6,665)	(3,768)	(1,392)	(730)

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the nine-month periods ended September 30,</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	225,307	388,054	176,891	365,444
- Loss from allowance for decline in value of inventories (reversal)	966	(3,790)	622	(400)
- Loss from allowance for decline in value of advance payment for goods (reversal)	(4)	-	-	-
Total	226,269	384,264	177,513	365,044

#### 9. Advance payment for goods

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 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 decline in value of inventories	-	-	-	-
Allowance for doubtful accounts	(361,843)	(361,843)	(361,843)	(361,843)
Net	-	451	-	67,336

For the nine-month periods ended September 30, 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 nine-month periods ended September 30, 2018 and 2017, are as follow:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</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 period	(31,798)	-	-	-
Reversal during the period	31,798	2,897	-	2,897
Ending balance	(361,843)	(361,995)	(361,843)	(361,995)

As at September 30, 2018 and December 31, 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 periods, 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 September 30, 2018 and December 31, 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>Book value</u>	
<u>Detail</u>		<u>As at</u>	
		<u>September 30, 2018</u>	<u>December 31, 2017</u>
Group A, amount 1 account		200,567	200,613
Group B, amount 1 account		155,607	155,607
Total		356,174	356,220
<u>Less</u> Allowance for doubtful accounts		(356,174)	(356,174)
Net		-	46

The group A 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 group B 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 the nine-month period ended September 30, 2018, the subsidiary company has advance payment for goods which is advance payment for purchase raw material to 2 overseas suppliers. 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 does the foreign partner inform 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.

10. 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 nine-month periods	
					As at		ended September 30,	
	2018	2017	2018	2017	September 30, 2018	December 31, 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 nine-month periods ended September 30, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)

	Separate financial statements	
	For the nine-month periods ended September 30,	
	2018	2017
Beginning balance	(348,931)	(251,913)
Increase during the period	(154,109)	(69,476)
Ending balance	(503,040)	(321,389)

Non-controlling interests

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

(Unit : Thousand Baht)

Name of companies	Proportion of ownership interests held by the NCI		Total comprehensive			
			income allocated to NCI		Accumulated NCI	
			For the nine-month		As at	
	As at		periods ended September 30,		As at	
	September 30, 2018	December 31, 2017	2018	2017	September 30, 2018	December 31, 2017
Rich Asia Industry Co., Ltd.	48.12%	48.12%	(97,531)	(88,492)	(20,551)	(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</u>		
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Current assets	112,073	141,573
Non-current assets	596,067	638,778
Total assets	708,140	780,351
Current liabilities	(679,043)	(540,638)
Non-current liabilities	(71,805)	(79,738)
Total liabilities	(750,848)	(620,376)
Equity attributable to the Company's shareholders	(22,157)	(82,995)
Non-controlling interests	(20,551)	(76,980)

(Unit : Thousand Baht)		
<u>Rich Asia Industry Co., Ltd.</u>		
<u>For the nine-month periods ended September 30,</u>		
	<u>2018</u>	<u>2017</u>
Revenue	136,178	274,333
Loss for the period attributable to the Company's shareholders	(105,152)	(95,406)
Loss for the period attributable to non-controlling interests	(97,531)	(88,492)
Loss for the period	(202,683)	(183,898)
Other comprehensive income for the period	-	-
Total comprehensive income attributable to the Company's shareholders	(105,152)	(95,406)
Total comprehensive income attributable to non-controlling interests	(97,531)	(88,492)
Total comprehensive income for the period	(202,683)	(183,898)
Net cash from operating activities	(121,133)	24,792
Net cash from investing activities	(60,577)	(441)
Net cash from financing activities	182,201	(24,393)
Cash and cash equivalent items increase (decrease)-net	491	(42)

11. 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 equity method</u>		<u>Investment as cost method</u>	
	<u>As at</u>		<u>As at</u>		<u>As at</u>	
	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>	<u>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	169,925	179,771	198,478	198,478
<u>Less</u> Allowance for impairment loss			-	-	(40,500)	-
Net			169,925	179,771	157,978	198,478

Movement of allowance for impairment loss for the nine-month periods ended September 30, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	-	-	-	-
Increase during the period	-	-	(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</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Current assets	180,970	183,853
Non-current assets	308,142	310,363
Total assets	489,112	494,216
Current liabilities	(91,426)	(100,129)
Non-current liabilities	(6,561)	(6,172)
Total liabilities	(97,987)	(106,301)
Net assets	391,125	387,915

(Unit : Thousand Baht)

	<u>For the three-month</u>		<u>For the nine-month</u>	
	<u>periods ended September 30,</u>		<u>periods ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue	73,858	77,247	221,617	217,882
Profit for the period	238	1,104	3,210	3,666
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	238	1,104	3,210	3,666
Dividend received from associate for the period	-	-	-	-

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</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Net assets of the associate	391,125	387,915
Shareholding of the company (%)	29.89	29.89
	116,907	115,948
Adjustment the fair value as at acquisition date	53,018	63,844
Other adjustments	-	(21)
Book value of the Company in associate	169,925	179,771

As at September 30, 2018 and December 31, 2017, the Company has pledge its shares of investment in associate 4,346,666 shares, equivalent to 16.04% of shareholdings for both periods, as collateral of short-term loan from other persons and parties as mention in the note to financial statements No. 17.

## 12. Investment property

The movement of investment property for the nine-month period ended September 30, 2018, were as follow:-

(Unit : Thousand Baht)

	<u>Consolidated/Separate financial statements</u>
Book value at the beginning of the period	7,006
Depreciation for the period	(688)
Book value at the end of the period	6,318

As at September 30, 2018 and December 31, 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. 14.

### 13. Property, plant and equipment

The movement of property, plant and equipment for the nine-month period ended September 30, 2018, were as follow:-

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Book value at the beginning of the period	686,925	52,571
Purchase of assets	211	211
Transfer in	23,603	22,953
Depreciation for the period	(45,816)	(2,627)
Transfer out	(650)	-
Book value at the end of the period	<u>664,273</u>	<u>73,108</u>

As at September 30, 2018 and December 31, 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. 14 and 18.

As at September 30, 2018 and December 31, 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 50.16 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. 14.

As at September 30, 2018 and December 31, 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 September 30, 2018 and December 31, 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 120.44 million, the book value was amount of Baht 557.01 and the cost price was amount of Baht 50.95 million, the book value was amount of Baht 541.08 respectively.

14. 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 September 30, 2018 and December 31, 2017, in amount of Baht 1,172.85 million for both periods, it is pledged by the Company's land and buildings and certain machinery according to note to financial statements No. 12 and 13, 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.

15. Short-term loans from financial institutions

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Promissory notes	16,000	16,000
Total	16,000	16,000

As at September 30, 2018 and December 31, 2017, the Company has short term loan promissory notes in amount of Baht 16.00 million for both periods, 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 in note to financial statements No. 14.

After the reporting period, the financial institution has filed a lawsuit against the Company as mention in note to financial statement No. 29.1.

16. Trade and other payable

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at,</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Trade payable-related parties	8,647	8,647	19,423	18,555
Trade payable-other parties	132,361	139,346	112,026	115,860
Other payable-related parties	3,130	3,121	3,130	3,121
Other payable-other parties	8,334	8,634	4,804	3,580
Advance received for goods-related parties	-	1,109	-	-
Advance received for goods-other parties	7,899	7,142	7,641	7,142
Accrued expenses-related parties	599	599	-	-
Accrued expenses-other parties	214,656	124,583	209,676	116,907
Post dated cheques-other parties	73	94	-	-
Total	375,699	293,275	356,700	265,165

17. Short-term loans from other persons and parties

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Short-term loans from other persons and parties	125,000	125,000
Total	125,000	125,000

As at September 30, 2018 and December 31, 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 periods. Such loan has shares of associate pledged as collateral according to the note to financial statements No. 11.

As at September 30, 2018 and December 31, 2017, the short term loan from other persons and parties in amount of Baht 125.00 million for both periods, 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.

#### 18. Debentures

As at September 30, 2018 and December 31, 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</u>					
<u>Debentures No.</u>	<u>September 30, 2018</u>	<u>December 31, 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. 19 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 2<sup>nd</sup> 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 September 30, 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. 13 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. 26.2(c).

19. Liabilities under debt restructuring agreement

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Principal amount	537,746	537,746
Accrued interest expenses	227,952	176,891
Accrued interest pending for waiving	253,167	253,167
Total	1,018,865	967,804

The movements of liabilities under debt restructuring agreement for the nine-month period ended September 30, 2018, were as follow:-

	(Unit : Thousand Baht)
	<u>Consolidated/Separate financial statements</u>
Book value at the beginning of the period	967,804
Suspend accrued interest for the period	51,061
Book value at the end of the period	1,018,865

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 September 30, 2018, remaining balance amount of Baht 372.84 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 87.65 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 September 30, 2018, remaining balance amount of Baht 283.68 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 68.20 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 September 30, 2018, remaining balance amount of Baht 163.52 million comprise principal amount of Baht 99.47 million, accrued interest amount of Baht 23.38 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 September 30, 2018, remaining balance amount of Baht 198.83 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 48.72 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. 14.

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 against the Company as mention in note to financial statement No. 29.5.



## 20. 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</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Employee benefit obligations at the beginning of the period	3,428	3,289	1,552	1,604
Current service cost	197	457	89	227
Interest cost	78	109	31	49
Reversal employee benefit obligations	(11)	-	-	-
Benefit paid	(177)	(427)	(177)	(328)
Employee benefit obligations at the end of the period	3,515	3,428	1,495	1,552

Expenses recognized in statements of comprehensive income for the three-month and nine-month periods ended September 30, 2018 and 2017, as follows:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the three-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of goods sold	20	39	-	-
Selling expenses	2	2	-	1
Administrative expenses	12	51	-	33
Directors and management’s benefits	22	22	22	22
Finance cost	26	27	17	13
Total	82	141	29	69

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of goods sold	60	118	-	-
Selling expenses	5	5	4	4
Administrative expenses	65	154	18	101
Directors and management’s benefits	67	65	67	65
Finance cost	78	82	31	37
Total	275	424	120	207

Principal actuarial assumptions at the reporting date are as at September 30, 2018 and December 31, 2017, were as follows:-

	(% per annum)	
	<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

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 and loss of period in which the law effective.

## 21. Deferred tax liabilities

Deferred tax liabilities as at September 30, 2018 and December 31, 2017, were as follows:-

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Deferred tax assets	-	-
Deferred tax liabilities	(69,806)	(77,884)
Net	<u>(69,806)</u>	<u>(77,884)</u>

The movements of deferred tax liabilities for the nine-month period ended September 30, 2018, were as follows:-

		)Unit : Thousand Baht(	
		Consolidated financial statements	
	As at	(Charged)/credited to	As at
	January 1,	profit or loss	September 30,
	2018	(Note 23)	2018
Deferred tax liabilities			
Property, plant and equipment	(77,884)	8,078	(69,806)
Total	(77,884)	8,078	(69,806)

As at September 30, 2018 and December 31, 2017, the Group had deductible temporary differences and tax losses carried forward in consolidated financial statements totaling amount of Baht 3,642.77 million and amount of Baht 3,227.00 million respectively and separate financial statements totaling amount of Baht 3,580.10 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.

## 22. Warrants

Type of warrants	: Warrants No. 1 appropriated for the former shareholders of the Company (Warrants No. 1 or “RICH-W1”)
Number of warrants	: 357,634,117 units
Term of warrants	: 2 years from the issuance date. (Date of issuance is on December 16, 2017 and the Maturity Date is on December 14, 2018)
Exercise Price	: At Baht 1.00 per share (par value at Baht 1.00)
First exercise date	: December 15, 2017
Last exercise date	: December 14, 2018
Outstanding unit as at September 30, 2018	: 357,634,117 units

23. Income tax revenue

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the three-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax expenses	-	-	-	-
Deferred tax expense				
Movements in temporary differences	(2,691)	(2,657)	-	-
Total	(2,691)	(2,657)	-	-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax expenses	-	-	-	-
Deferred tax expense (Note 21)				
Movements in temporary differences	(8,078)	(7,384)	-	-
Total	(8,078)	(7,384)	-	-

24. Basic loss per share and diluted loss per share

Basic loss per share is calculated by dividing loss for the period 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 three-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss for the period (Unit : Thousand Baht)	(338,058)	(90,741)	(414,923)	(79,522)
The number of issued and paid-up ordinary shares				
(Unit : Thousand shares)	3,115,268	3,115,268	3,115,268	3,115,268
Basic loss per share (Baht/share)	(0.1085)	(0.0291)	(0.1332)	(0.0255)

  

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the nine-month periods ended September 30,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss for the period (Unit : Thousand Baht)	(459,087)	(1,252,478)	(565,988)	(1,218,009)
The number of issued and paid-up ordinary shares				
(Unit : Thousand shares)	3,115,268	3,115,268	3,115,268	3,115,268
Basic loss per share (Baht/share)	(0.1474)	(0.4020)	(0.1817)	(0.3910)

For the diluted loss per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and paid-up is adjusted to assume conversion of all dilutive potential ordinary shares, which is calculated by the weighted average number of ordinary shares which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of warrant would be considered to have been received from the issue of shares at fair value. The company has not shown diluted loss per share for the nine-month period ended September 30, 2018, because the average fair price of the ordinary share is lower than the exercise price of the warrant.

## 25. Segment information

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

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

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

### Business segments

For the three-month and nine-month periods ended September 30, 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 three-month period ended September 30, 2018, the Group has revenues from 1 customer amount of Baht 41.13 million of the Group total revenues. (2017 : revenues from 1 customer amount of Baht 30.11 million.)

For the nine-month period ended September 30, 2018, the Group has revenues from 2 customers amount of Baht 146.90 million of the Group total revenues. (2017 : revenues from 3 customers amount of Baht 337.71 million.)

## 26. 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:-

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

(Unit: Million Baht)

	<u>Consolidated/Separate financial statements</u>			
	<u>As at</u>			
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
- Letter of guarantee has bank deposit				
of the Group pledge for collateral	2.90	3.50	1.25	1.85

### 26.2 Litigation

- (a) As at September 30, 2018 and December 31, 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 September 30, 2018 and December 31, 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 outcome of the case has not been finalized. A lawsuit is in between considered of the court and therefore the subsidiary company has not recorded provision liability.

- (c) As at September 30, 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. 18 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. 29.4. 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.

### 26.3 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.

### 27. Exchange rate risk

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

<u>Currency</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
<u>Assets</u>				
Million US Dollar	9.92	9.36	7.08	6.52
<u>Liabilities</u>				
Million US Dollar	2.57	2.57	2.57	2.57

## 28. 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. 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(		
	<u>Consolidated financial statements</u>		
	<u>Before</u>		<u>After</u>
	<u>adjustment</u>	<u>Adjustment</u>	<u>adjustment</u>
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 three-month period ended September 30, 2017			
Share of loss on investment in associate	(2,730)	(567)	(3,297)
Statement of Comprehensive Income			
For the nine-month periods ended September 30, 2017			
Share of loss on investment in associate	(7,962)	(1,728)	(9,690)



## 29. Event after the reporting period

- 29.1 In October 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.15. 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.
- 29.2 In October 2018, G.Y.T. Engineering Co., Ltd. (the subsidiary company) had paid advance payment to guarantee the project in amount of Baht 10.00 million to a non-related company as security to guarantee for acceptance of the contract of hire and accepted to hire for a part of the construction project, dated October 20, 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.

- 29.3 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.
- 29.4 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 holders 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 holders 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.

29.5 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.19. 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.

29.6 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%.

30. Approval of interim financial statements

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

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