

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying consolidated and separate financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiary companies (the Group) and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED only (the Company) respectively, which comprise the consolidated and separate statements of financial positions as at December 31, 2019, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and the consolidated and separate notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiary companies and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED only respectively as at December 31, 2019, and of their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for opinion

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

Material uncertainty on going concern

I draw attention to the note to financial statements No. 2.1 the Group and the Company incurred a net loss for the year ended December 31, 2019 in the consolidated financial statements amount of Baht 65.91 million and in the separate financial statements amount of Baht 157.99 million and as at December 31, 2019 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,308.69 million and amount of Baht 2,284.43 million and total liabilities exceeded total assets by amount of Baht 1,983.26 million and amount of Baht 2,050.13 million respectively. These conditions, along with other matters as set forth in note to financial statements No. 2.2, 17, 19, 20, 21 and 29 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern. My opinion is not modified in respect of these matters.

Emphasis of matter and event

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

1. As mention in note to financial statements No. 7.1(b) as at December 31, 2019 the Group and the Company has foreign account receivable in amount of Baht 313.92 million and amount of Baht 224.57 million respectively. 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 was defaulted to repayment. The Group has recognized allowance for doubtful account in whole amount. Afterward, on February 15, 2019, I informed the fact finding of such foreign receivable transaction to the Audit Committee of the Company. 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, 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 and consequently the debtor has paid to the Group and the Company amount of Baht 5.79 million and amount of Baht 3.86 million. However, after the reporting period, the debtor has defaulted to repayment in accordance to the letter of debt acceptance.

2. As mention in note to financial statements No. 7.2(c) and No. 10 the Group and the Company has trade accounts receivable and advance payment receivables for goods that have defaulted to repayment which the Group and the Company has recognized allowance for doubtful accounts in whole amount. The consolidated and separate financial statements the receivables of Group A amount of Baht 1,641.16 million and amount of Baht 1,479.79 million were defaulted to repayment in accordance with the compromise agreement. Thus, the Group and the Company filed the lawsuit to debtors against the Bankruptcy Court. During the year 2019, the Central Bankruptcy Court has ordered 7 debtors for bankrupt. However, the Group and the Company has resolution to write-off a debtor amount of Baht 45.20 million and allowance for doubtful account as bad debt. 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. Later, the Central Bankruptcy Court has ordered 2 debtors for bankrupt. Anyway, the management has explained that, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended of debt enforcement process and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Group and the Company filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.
3. As mention in note to financial statements No. 7.4 the consolidated financial statement as at December 31, 2019, a subsidiary company has advance payment for future project-related person amount of Baht 12.00 million which according to the agreement of construction project acquirement. The agreement has continuously extended the term of service because the coordinating construction project has been postponed. The management believed that there is no risk to refund the advance payment if contract party cannot reach an agreement. And as mention in note to financial statements No. 7.5 such subsidiary has deposit payment for future project to 2 other companies, as at December 31, 2019 remaining amount of Baht 17.00 million. However, the projects did not start as in the plan. The contracts parties are in process of gradually refund the deposit payment to the subsidiary company. However, after the reporting period, the contract party has defaulted to refund the deposit and request to postpone the repayment period, therefore, the subsidiary recognized allowance for doubtful account in whole amount of Baht 17.00 million.

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

Key audit matters

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

Allowance for doubtful accounts

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

How my audit addressed the key audit matter

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

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

(Mr. Naris Saowalagsakul)

Certified Public Accountant Registration No. 5369

Bangkok,

March 2, 2020

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<u>Assets</u>					
Current assets					
Cash and cash equivalents items	6	7,287,946.40	18,907,241.48	57,249.12	714,920.04
Trade and other receivable	5.1 and 7	55,360,062.99	95,508,859.54	11,021,050.98	8,530,128.13
Short-term loans to related parties	5.1	-	-	570,439,200.00	595,943,000.00
Short-term loans to other person	8	1,000,000.00	2,300,000.00	1,000,000.00	2,300,000.00
Inventories	9	33,725,912.90	30,483,050.10	2,102,428.87	3,617,035.65
Advance payment for goods	10	1,166,916.00	-	-	-
Total current assets		98,540,838.29	147,199,151.12	584,619,928.97	611,105,083.82
Non-current assets					
Bank deposit pledged as collateral		662,539.35	3,078,128.13	-	1,350,623.60
Investment in subsidiaries	12	-	-	-	53,947,249.93
Investment in associates	13	161,883,672.89	165,573,836.73	161,727,581.48	157,977,611.48
Investment property	14	8,356,720.76	6,085,831.72	8,356,720.76	6,085,831.72
Property, plant and equipment	15	197,776,060.63	648,926,613.15	68,792,577.67	72,161,507.27
Other non-current assets		4,775,819.05	3,938,685.09	983,273.42	683,548.38
Total non-current assets		373,454,812.68	827,603,094.82	239,860,153.33	292,206,372.38
Total assets		471,995,650.97	974,802,245.94	824,480,082.30	903,311,456.20

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Short-term loans from financial institutions	17	14,140,934.37	15,400,000.00	14,140,934.37	15,400,000.00
Trade and other payable	5.1 and 18	409,900,649.57	407,533,643.97	376,718,098.89	382,049,544.99
Short-term loans from related parties	5.1	55,000,000.00	-	-	-
Short-term loans from other persons and parties	19	125,000,000.00	125,000,000.00	125,000,000.00	125,000,000.00
Debentures	5.1 and 20	680,000,000.00	1,230,000,000.00	1,230,000,000.00	1,230,000,000.00
Liabilities under debt restructuring agreement	21	1,123,186,248.56	1,037,925,398.42	1,123,186,248.56	1,037,925,398.42
Total current liabilities		2,407,227,832.50	2,815,859,042.39	2,869,045,281.82	2,790,374,943.41
Non-current liabilities					
Employee benefit obligations	22	8,249,921.74	3,404,269.76	4,433,770.00	1,480,784.36
Deferred tax liabilities	23	25,349,457.60	67,060,180.70	-	-
Other non-current liabilities	11	14,429,626.98	1,000,000.00	1,133,291.89	1,000,000.00
Total non-current liabilities		48,029,006.32	71,464,450.46	5,567,061.89	2,480,784.36
Total liabilities		2,455,256,838.82	2,887,323,492.85	2,874,612,343.71	2,792,855,727.77
Shareholders' equity					
Share capital	24				
Authorized share capital					
9,600,000,000 ordinary shares @ Baht 1.00		9,600,000,000.00	9,600,000,000.00	9,600,000,000.00	9,600,000,000.00
Issued and paid-up share capital					
3,115,269,786 ordinary shares @ Baht 1.00		3,115,269,786.00	3,115,269,786.00	3,115,269,786.00	3,115,269,786.00
Discount on share capital		(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)
Deficit		(4,080,145,468.06)	(4,007,108,677.96)	(4,102,579,070.80)	(3,941,991,080.96)
Other component of shareholders' equity		73,689,101.23	73,689,101.23	-	-
Total shareholders' equity of the Company		(1,954,009,557.44)	(1,880,972,767.34)	(2,050,132,261.41)	(1,889,544,271.57)
Non-controlling interests		(29,251,630.41)	(31,548,479.57)	-	-
Total shareholders' equity		(1,983,261,187.85)	(1,912,521,246.91)	(2,050,132,261.41)	(1,889,544,271.57)
Total liabilities and shareholder's equity		471,995,650.97	974,802,245.94	824,480,082.30	903,311,456.20

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

(Unit : Baht)					
		Consolidated financial statements		Separate financial statements	
	Notes	2019	2018	2019	2018
Revenue					
Revenue from sales		233,787,365.03	264,242,189.00	119,043,039.00	224,847,751.07
Gain on sales of assets	11	71,359,391.95	-	770,050.14	-
Gain on sales of assets and lease back	11	6,549,676.17	-	-	-
Gain on write-off of trade and other payables	18	128,204,701.58	-	128,204,701.58	-
Other incomes		14,584,355.79	5,604,536.20	9,335,471.57	955,600.97
Total revenues		454,485,490.52	269,846,725.20	257,353,262.29	225,803,352.04
Expenses					
Cost of sales	9	269,475,846.36	304,468,060.68	117,649,887.39	214,081,445.06
Selling expenses		2,256,528.57	2,627,711.48	1,160,005.42	1,814,412.33
Administrative expenses		49,529,628.69	53,886,656.46	29,146,622.57	39,216,577.98
Loss on impairment of investment in subsidiaries	12	-	-	53,437,257.43	154,108,820.36
Loss on impairment of investment in associate	13	-	-	-	40,500,000.00
Bad debt and doubtful accounts (reversal)	7, 8 and 10	22,903,765.79	299,115,388.72	(7,087,652.04)	193,372,093.66
Expenses from defaulted of advance payment for goods	10.2	-	32,963,498.05	-	-
Directors and Management's benefits	5.3	10,923,347.66	10,537,614.16	10,923,347.66	10,537,614.16
Finance cost		198,089,472.85	195,227,729.92	210,118,735.70	195,178,011.27
Total expenses		553,178,589.92	898,826,659.47	415,348,204.13	848,808,974.82
Loss before share of loss on investment in associate and income tax		(98,693,099.40)	(628,979,934.27)	(157,994,941.84)	(623,005,622.78)
Share of loss on investment in associate		(5,702,344.68)	(14,197,400.99)	-	-
Loss before income tax		(104,395,444.08)	(643,177,335.26)	(157,994,941.84)	(623,005,622.78)
Income tax revenue	26	38,482,517.15	10,823,743.75	-	-
Loss for the year		(65,912,926.93)	(632,353,591.51)	(157,994,941.84)	(623,005,622.78)
Other comprehensive income					
Item that will not be reclassified to profit or loss					
Actuarial losses arising from defined benefit plan		(3,277,128.00)	-	(2,593,048.00)	-
Share of other comprehensive loss of associate		(1,549,878.51)	-	-	-
Other comprehensive income for the year		(4,827,006.51)	-	(2,593,048.00)	-
Total comprehensive income for the year		(70,739,933.44)	(632,353,591.51)	(160,587,989.84)	(623,005,622.78)

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Loss for the year attributable to :					
Equity holders of the Company		(68,526,530.04)	(522,859,895.03)	(157,994,941.84)	(623,005,622.78)
Non-controlling interests of the subsidiaries		2,613,603.11	(109,493,696.48)	-	-
		<u>(65,912,926.93)</u>	<u>(632,353,591.51)</u>	<u>(157,994,941.84)</u>	<u>(623,005,622.78)</u>
Total comprehensive income attributable to :					
Equity holders of the Company		(73,036,790.10)	(522,859,895.03)	(160,587,989.84)	(623,005,622.78)
Non-controlling interests of the subsidiaries		2,296,856.66	(109,493,696.48)	-	-
		<u>(70,739,933.44)</u>	<u>(632,353,591.51)</u>	<u>(160,587,989.84)</u>	<u>(623,005,622.78)</u>
Basic loss per share					
Equity holders of the Company	27	(0.02)	(0.17)	(0.05)	(0.20)

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

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

For the year ended December 31, 2019

(Unit : Baht)

	Note	Other component of shareholders' equity						
		Issued and paid - up share capital	Discount on share capital	Deficit	Other changes resulting from shareholders			
					Surplus from change in equity interest in subsidiary company	Total Other component shareholders' equity	Total shareholders' equity of the Company	Total Non - controlling interests
								shareholders' equity
Balances as at January 1, 2018		3,115,268,236.00	(1,062,822,976.61)	(3,484,248,782.93)	73,689,101.23	73,689,101.23	(1,358,114,422.31)	77,945,216.91
Loss for the year		-	-	(522,859,895.03)	-	-	(522,859,895.03)	(109,493,696.48)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	(522,859,895.03)	-	-	(522,859,895.03)	(109,493,696.48)
Increased ordinary shares	25	1,550.00	-	-	-	-	1,550.00	-
Ending balance as at December 31, 2018		3,115,269,786.00	(1,062,822,976.61)	(4,007,108,677.96)	73,689,101.23	73,689,101.23	(1,880,972,767.34)	(31,548,479.57)
Loss for the year		-	-	(68,526,530.04)	-	-	(68,526,530.04)	2,613,603.11
Other comprehensive income		-	-	(4,510,260.06)	-	-	(4,510,260.06)	(316,746.45)
Total comprehensive income for the year		-	-	(73,036,790.10)	-	-	(73,036,790.10)	2,296,856.66
Non - controlling interests decrease by changed status from investment in subsidiary to associated company		-	-	-	-	-	-	(7.50)
Ending balance as at December 31, 2019		3,115,269,786.00	(1,062,822,976.61)	(4,080,145,468.06)	73,689,101.23	73,689,101.23	(1,954,009,557.44)	(29,251,630.41)

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2019

(Unit : Baht)

	Note	Issued and paid-up share capital	Discount on share capital	Deficit	Total
Balance as at January 1, 2018		3,115,268,236.00	(1,062,822,976.61)	(3,318,985,458.18)	(1,266,540,198.79)
Loss for the year		-	-	(623,005,622.78)	(623,005,622.78)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(623,005,622.78)	(623,005,622.78)
Increased ordinary shares	25	1,550.00	-	-	1,550.00
Ending balance as at December 31, 2018		3,115,269,786.00	(1,062,822,976.61)	(3,941,991,080.96)	(1,889,544,271.57)
Loss for the year		-	-	(157,994,941.84)	(157,994,941.84)
Other comprehensive income		-	-	(2,593,048.00)	(2,593,048.00)
Total comprehensive income for the year		-	-	(160,587,989.84)	(160,587,989.84)
Ending balance as at December 31, 2019		3,115,269,786.00	(1,062,822,976.61)	(4,102,579,070.80)	(2,050,132,261.41)

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss before income tax	(104,395,444.08)	(643,177,335.26)	(157,994,941.84)	(623,005,622.78)
Adjustments to reconcile loss before income tax for cash received (paid) from operation				
Depreciation	37,479,748.89	61,205,593.91	3,950,033.33	3,613,308.02
Depreciation for investment property	920,308.73	920,308.73	920,308.73	920,308.73
Doubtful accounts trade receivable and other receivable and advance payment for goods (reversal)	25,903,765.79	303,415,388.72	(4,087,652.04)	197,672,093.66
Doubtful accounts short-term loans to other person (reversal)	(3,000,000.00)	(4,300,000.00)	(3,000,000.00)	(4,300,000.00)
Loss from declining in value of inventories (reversal)	1,750,897.41	1,189,672.52	(996,375.24)	(765,894.43)
Impairment loss on investment in subsidiaries	-	-	53,289,257.43	154,108,820.36
Impairment loss on investment in associate	-	-	-	40,500,000.00
(Gain) Loss on sales of investment in subsidiary	(339,581.51)	-	8,000.00	-
Share of loss on investment in associate	5,702,344.68	14,197,400.99	-	-
Gain on write-off of trade and other payables	(128,204,701.58)	-	(128,204,701.58)	-
Gain on sales of deferred assets	(77,110,951.88)	-	-	-
Loss on loss of non-controlling in subsidiary	187,910.66	-	-	-
Unrealized loss on exchange rate	-	1,843,749.10	-	1,028,509.74
Profit from disposal and write-off of assets	(762,412.54)	(6,541.06)	(770,043.14)	(6,541.06)
Employee benefits expense	1,900,254.98	67,938.34	761,915.64	71,555.68
Interest income	(819,834.48)	(523,034.54)	(9,937.48)	(135,369.18)
Interest expenses	196,717,119.32	195,144,393.06	210,055,413.70	195,144,393.06
Interest expenses of employee benefits	133,569.00	84,265.52	63,322.00	33,614.50
Loss from operation before changes in operating assets and liabilities	(43,937,006.61)	(69,938,199.97)	(26,015,400.49)	(35,120,823.70)
Operating assets (increase) decrease				
Trade and other receivable	17,618,830.49	(88,225,832.86)	1,771,729.75	(11,125,284.47)
Inventories	(4,993,760.21)	56,864,324.07	2,510,982.02	62,647,735.60
Advance payments for goods	(1,166,916.00)	451,148.61	-	67,336,448.59
Other non-current assets	(939,560.71)	(1,089,367.03)	(299,725.04)	(445,543.38)
Operating liabilities increase (decrease)				
Trade and other payable	866,420.73	(10,143,240.04)	(1,850,930.35)	(7,517,297.95)
Employee benefit obligation	(465,300.00)	(176,628.86)	(465,300.00)	(176,628.86)
Other non-current liabilities	133,291.89	1,000,000.00	133,291.89	1,000,000.00
Cash received (paid) from operation	(32,884,000.42)	(111,257,796.08)	(24,215,352.22)	76,598,605.83
Cash paid for income tax	(6,602,012.89)	(806,316.98)	(175,000.56)	(63,344.29)
Net cash received from (used in) operating activities	(39,486,013.31)	(112,064,113.06)	(24,390,352.78)	76,535,261.54

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
(Increase) decrease in bank deposits pledged as collateral	2,415,588.78	755,797.77	1,350,623.60	580,807.74
Cash payment for short-term loans from related parties	-	-	(15,575,200.00)	(249,532,687.00)
Cash received from short-term loans from related parties	-	-	41,079,000.00	45,189,687.00
Cash received from short-term loans from other person	4,300,000.00	2,000,000.00	4,300,000.00	2,000,000.00
Cash payment for purchase of investment property	(3,191,197.77)	-	(3,191,197.77)	-
Cash payment for purchase of property, plant and equipment	(2,183,047.99)	(254,631.43)	(581,118.73)	(250,994.99)
Cash received from sale of property, plant and equipment	802,638.14	6,542.06	770,058.14	6,542.06
Cash payment for investing in investment in associate	(3,499,977.50)	-	(3,499,977.50)	-
Cash received from interest	819,841.68	523,283.23	9,937.48	135,377.60
Net cash received from (used in) investing activities	(536,154.66)	3,030,991.63	24,662,125.22	(201,871,267.59)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(1,259,065.63)	(600,000.00)	(1,259,065.63)	(600,000.00)
Cash received from sale of investment in subsidiary	192,008.25	-	400,000.00	-
Cash received from Short-term loans from related party	5,000,000.00	-	-	-
Cash received from Short-term loans from other person	50,000,000.00	-	-	-
Cash paid for interest expenses	(70,377.73)	(23,184.29)	(70,377.73)	(23,184.29)
Cash received from increased ordinary capital shares	-	1,550.00	-	1,550.00
Cash paid for expenses of transferring assets settlement of debentures	(25,459,692.00)	-	-	-
Net cash received from (used in) financing activities	28,402,872.89	(621,634.29)	(929,443.36)	(621,634.29)
Cash and cash equivalent items decrease-net	(11,619,295.08)	(109,654,755.72)	(657,670.92)	(125,957,640.34)
Cash and cash equivalent items at the beginning of the years	18,907,241.48	128,561,997.20	714,920.04	126,672,560.38
Cash and cash equivalent items at the end of the years	7,287,946.40	18,907,241.48	57,249.12	714,920.04
<u>Supplemental cash flow information</u>				
Non-cash transactions				
- Debtor settlement by transferred property, plant and equipment	-	22,952,550.96	-	22,952,550.96
- Transfer property, plant and equipment to settlement debentures payable	415,813,626.02	-	-	-
- Short-term loans to related party and short-term loan from other person				
increase from agreement of transferred the rights of claim in debt	50,000,000.00	-	-	-

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2019

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, production and distributor electric vehicles.

2. Basis of financial statements preparation

2.1 Going concern

The Group and the Company incurred a net loss for the year ended December 31, 2019 in the consolidated financial statements amount of Baht 65.91 million and in the separate financial statements amount of Baht 157.99 million (For the year ended December 31, 2018, the Group and the Company incurred a net loss in the consolidated financial statement amount of Baht 632.35 million and in the separate financial statement amount of Baht 623.01 million) and as at December 31, 2019 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,305.46 million and amount of Baht 2,284.43 million and total liabilities exceeded total assets by amount of Baht 1,983.26 million and amount of Baht 2,050.13 million respectively (As at December 31, 2018, the Group and the Company has current liabilities exceeded current assets by amount of Baht 2,668.66 million and amount of Baht 2,179.27 million and total liabilities exceeded total assets by amount of Baht 1,912.52 million and amount of Baht 1,889.54 million respectively).

The Board of Directors' meeting No. 4/2018 has the resolution to enter debt restructuring under the rehabilitation through the Bankruptcy Court as mentioned in the note to financial statements No. 2.2. These conditions, along with other matters as set forth in note to financial statements No. 17, 19, 20, 21 and 29 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Presently, the Company is in the process of improving its operating, and prepare additional operations in the production and distributor of electric vehicles, including coordinate and cooperates with creditors to find the appropriate the debt restructuring process, finding new source of funds and along with alliances to jointly invest with the Group. 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. 4/2018 of the Company has the resolution approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court on March 6, 2018, 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, 2018, 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 2018 and the witness of objection party in October to December 2018. Later, on December 27, 2018 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation.

On December 12, 2019 the Company has submitted Rehabilitation Petition again. The Bankruptcy Court has already accepted such petition and order to inquiry the petition on February 18, 2020. However upon the date to inquiry the petition, 2 financial institution creditors had submitted the request of objection the petition. The Bankruptcy Court has considered and determined the inquiry dated for witnesses of the petitioner and the objection party on April 30, 2020.

- 2.3 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.
- 2.4 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“FAP”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated October 11, 2016, issued under the Accounting Act, B.E. 2543.

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

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

2.5 New financial reporting standards

2.5.1 New and revised financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and financial reporting interpretations (revised 2018) including guidance promulgated issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2019. 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 Company’s financial statements.

2.5.2. Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2019) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards and revised due to publish the new financial reporting standards.

The management of the Company believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments and leased which involves changes to key principles. The new accounting standards, financial reporting standards and interpretations are as follows: -

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)</u>	
TAS 32	Financial Instruments: Presentation
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRS 16	Leases
<u>Thai Financial Reporting Interpretations (TFRIC)</u>	
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The management of the Company is currently evaluating the impact of these financial reporting standards to the financial statements in the year when they are adopted.

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

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

Lease agreement

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

Allowance for doubtful debt

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

Reduction of inventories to become net realizable value

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

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

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

Impairment of investments

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

Property, plant and equipment / Investment property

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

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

Post-employment benefits under defined benefit plans

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

Deferred tax assets

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

Litigation

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

3. Basis of the consolidated financial statements preparation

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

<u>Name of subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholdings</u>	
			<u>2018</u>	<u>2016</u>
Rich Asia Industry Co., Ltd.	Production and distribution of steel pipe, steel product and service of steel production and production of battery electric vehicles	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	19.99	99.99

- 3.2 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

However during the period, the Company has sold certain shares in Skywell (Thailand) Co., Ltd. as a result, its changing in status from a subsidiary company to an associated company as described in Note to the financial statements No. 12 and 13. In the preparation of consolidated financial statement, the Company, therefore, does not include the statement of financial position of Skywell (Thailand) Co., Ltd. in the consolidated statements of financial position since December 31, 2019 but include its financial performance and cash flows for the period of January 1, 2019 to December 30, 2019 in the consolidated statements of comprehensive income and cash flows.

- 3.3 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.
- 3.4 The accounting periods of subsidiary companies ended the same date as that of Rich Asia Corporation Public Company Limited.
- 3.5 The consolidated financial statements combine the accounts of the Company and subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

4. Summary of significant accounting policies

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

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

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

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

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

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

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

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

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

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

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

No depreciation is provided on investment properties-land.

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

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:-

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

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

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

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

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

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

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

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

4.11 Impairment of Assets

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

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

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

Calculation of recoverable amount

The recoverable amount of other assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

- 4.12 Trade and other payable are stated at cost.
- 4.13 Loan is initially recognized by fair value of the remuneration received deducted by cost of transactions preparation incurred. Later, loan value is measured by amortization of cost price method. The discrepancy between remuneration (deducted by cost of transaction preparation incurred) when compared against the repayable value to repay debt will be recognized in profit or loss. Fee for providing loans is amortized to financial costs by over the period of the borrowings by using the effective rate method.
- 4.14 Provision is recognized in the statements of financial position when the Group have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
- 4.15 Long-term leases

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset. For a transaction that results in an operating lease. If the sale price is above fair value, the excess over fair value should be deferred and amortised as income over the period of use.

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

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

4.16 Employee benefits

Short-term employee benefits

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

Share-based payments

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

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

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

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

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

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

4.17 Change in shareholding ratio in subsidiary companies under common control is the difference between the investment for the change in proportion in subsidiary companies and book value of the subsidiary companies resulted from the change in proportion of investment in that subsidiary. The difference is shown as a separate item in the consolidated statements of financial position under the shareholders' equity and will be written off when the investment is disposed.

4.18 Non-controlling interests of subsidiary companies represent the portion of book value of the net assets of the subsidiary companies under the shareholding ratio that are not held by the Group and are presented separately under the shareholders equity in the consolidated statements of financial position and net profit (loss) of the non-controlling interest are presented separately in the consolidated statement of comprehensive income.

4.19 Revenue recognition.

Revenue are recognized when customer control of the goods and services in an amount that reflects the consideration to which the entity expects to be entitled excludes value added taxes and present net off trade discounts

4.19.1 Revenue from sales and services are recognized at the point in time when control of the goods and services are transferred to the customer, generally on delivery of the goods and services.

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

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

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

4.20 Expenses

4.20.1 Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

4.20.3 Other expenses are recognized by accrual basis.

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

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

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

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

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

4.27 Fair value measurement

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

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

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 Use of unobservable inputs such as estimates of future cash flows.

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

5. Related parties transaction

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

5.1 Inter-assets and liabilities

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivable</u>				
Rich Asia Industry Co., Ltd.	-	-	18,092	18,092
G.Y.T. Engineering Co., Ltd.	-	-	20	20
Total	-	-	18,112	18,112
<u>Less</u> Allowance for doubtful debt	-	-	(18,092)	(18,092)
Trade and other receivable-net	-	-	20	20
<u>Advance payment for future project</u>				
Shareholders of the subsidiary companies (Note 7.4)	12,000	12,000	-	-
Total	12,000	12,000	-	-
<u>Short-term loans to related parties</u>				
Rich Asia Industry Co., Ltd.				
Beginning balance	-	-	595,943	391,600
Addition	-	-	14,575	249,533
Repayment	-	-	(40,079)	(45,190)
Ending balance	-	-	570,439	595,943
Skywell (Thailand) Co., Ltd.				
Beginning balance	-	-	-	-
Addition	-	-	1,000	-
Repayment	-	-	(1,000)	-
Ending balance	-	-	-	-
Total short-term loans to related parties	-	-	570,439	595,943

As at December 31, 2019 and 2018 the Company had short-term loans to the subsidiary company 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.

However, 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 500.00 million temporarily until to repayment. However, these mortgages are belonging collateral part of the short-term loans to the subsidiary company. On August 23, 2019, the subsidiary company has sold land and building to the representative of debenture holder and subrogate the right from the existing debenture holders as mentioned in the note to financial statements No. 11, 20 and 29.2(e).

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other payable</u>				
Rich Asia Industry Co., Ltd.	122,464	-	143,987	6,607
G.T. Steel Works Co., Ltd.	-	11,747	-	11,747
Director	22	617	22	18
Total	122,486	12,364	144,009	18,372
<u>Advance received for goods</u>				
Thai National Product Co., Ltd.	140	-	-	-
Total	140	-	-	-

As at December 31, 2019, the financial statements, trade and other payable - Rich Asia Industry Co., Ltd in the amount of Baht 122.46 million are accrued interest payable from subrogate the right from the existing debenture holders as mentioned in the note to financial statements No.20. However, in the preparation of consolidated financial statements, the Company does not eliminate an accrued interest expenses which is derived from the right transfer's debenture and presented in trade and other payable account in the amount of Baht 122.46 million. Because of the Company and Rich Asia Industry Co.,Ltd.(the subsidiary company), will consider and find a conclusion together later. Anyway Rich Asia Industry Co.,Ltd.(the subsidiary company), still holds the right to claim as the debenture creditor as same as the former debenture creditors.

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Short-term loans from related parties</u>				
Skywell (Thailand) Co., Ltd.				
Beginning balance	-	-	-	-
Rights transferred	50,000	-	-	-
Addition	5,000	-	-	-
Repayment	-	-	-	-
Ending balance	55,000	-	-	-
<u>Debentures (Note 20)</u>				
Rich Asia Industry Co., Ltd.				
Beginning balance	-	-	-	-
Rights transferred	-	-	550,000	-
Repayment	-	-	-	-
Ending balance	-	-	550,000	-

Short-term loan from Skywell (Thailand) Co., Ltd. in the amount of Baht 50.00 million due to the subsidiary companies entered into the agreement of transferred the rights of claim in loan payable - other person in accordance with the agreement among Rich Asia Industry Co., Ltd., Skywell (Thailand) Co., Ltd. and Skywell (Thailand) Co., Ltd.'s shareholder on December 26, 2019, commencing to charge interest from January 1, 2020 onward, loan payable in the amount of Baht 55.00 million interest rate of 6.00% per annum.

5.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Transactions with related person and related companies</u>				
Revenues from sales of goods	25	11,676	25	824
Other expenses	446	323	343	323
<u>Transaction with subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Other incomes	-	-	5	-
Rental income	-	-	240	240
Interest income	-	-	2	-
Purchase of goods	-	-	116,120	147,168
Subcontract production cost	-	-	-	297
Other expenses	-	-	23	286
Interest expense	-	-	13,338	-

5.3 Directors and management's benefits

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	10,915	10,449	10,915	10,449
Post-employment benefits	8	89	8	89
Total	10,923	10,538	10,923	10,538

5.4 Pricing policies

Pricing policies for each transactions are described as follows:-

<u>Type of transactions</u>	<u>Pricing policies</u>
Revenues from sale	Price can be comparative against outside parties
Rental income	Contract price
Purchases of goods	Price can be comparative against outside parties
Subcontract production cost	Price can be comparative against outside parties
Other expenses	Actual price/Contract price
Interest income	Interest rate 8.00% per annum (2018 : Interest rate 1.00%-8.00% per annum)
Interest expenses	Interest rate 6.00 - 8.50% per annum total defaulted interest rates

The Company's director has guaranteed the Company's credit facilities from financial institution and debenture payables as mentioned in the note to financial statements No. 16 and 20. 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 mentioned in the note to financial statements No.16 and 21. No fees are charged for these guarantees.

5.5 Types of relationship of related parties are as follows:

<u>Name of Companies/Persons</u>	<u>Type of business</u>	<u>Type of relationship</u>
Rich Asia Industry Co., Ltd.	Production and distribution of steel pipe, steel product service of steel production and production of battery electric vehicles	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	Associate (year 2018 as a subsidiary and changed to an associated company on December 30, 2019)
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. Angkakam Tantiviroon		Chief Executive Officer
Mr. Somkiat Vongsarojana		Director
Mr. Teera Phoncharoensuk		Managing Director
Mr. Thanathorn Boonsiripattanacharoen		Director
		Shareholders of the subsidiary company

6. Cash and cash equivalent items

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	66	80	36	53
Savings deposits	15	62	1	-
Current deposits	6,126	18,765	20	662
Fixed deposit	1,080	-	-	-
Total	7,287	18,907	57	715

7. Trade and other receivable

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade receivable-other parties	2,065,700	2,116,216	1,803,548	1,850,060
Cheques received-other parties	69,802	63,607	35,670	36,360
Total trade receivable	2,135,502	2,179,823	1,839,218	1,886,420
<u>Less</u> Allowance for doubtful accounts	(2,107,542)	(2,143,833)	(1,830,350)	(1,879,633)
Total trade receivable-net	27,960	35,990	8,868	6,787
Other receivable-related parties	-	-	18,112	18,112
Other receivable-other parties	3,034	2,213	1,677	1,416
Revenue department receivable	4,927	4,227	294	-
Advance-payment for loan procurement	5,000	5,000	-	-
Advance-payment for future project-other persons	3,000	3,000	-	-
Advance-payment for future project-related persons	12,000	12,000	-	-
Advance payment to guarantee the future project	17,000	35,000	-	-
Others	3,854	2,494	1,577	1,722
Total other receivable	48,815	63,934	21,660	21,250
<u>Less</u> Allowance for doubtful accounts	(21,415)	(4,415)	(19,507)	(19,507)
Total other receivable-net	27,400	59,519	2,153	1,743
Total trade and other receivable	55,360	95,509	11,021	8,530

7.1 Trade receivable-other parties

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Within credit term	6,522	35,420	2,530	6,277
Over due 1 to 90 days	5,324	-	5,324	-
Over due 91 to 180 days	3,687	17,459	-	17,459
Over due 181 to 365 days	26,453	301,292	-	210,009
Over due over 1 year	2,093,516	1,825,652	1,831,364	1,652,675
Total	2,135,502	2,179,823	1,839,218	1,886,420
<u>Less</u> Allowance for doubtful debts	(2,107,542)	(2,143,833)	(1,830,350)	(1,879,633)
Net	27,960	35,990	8,868	6,787

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

- (a) As at December 31, 2019, the consolidated financial statements, domestic account receivables in amount of Baht 30.14 million which shown in the aging in range of overdue 91-180 days and overdue 181-365 days are postpone to repayment several times. Currently such receivables are aged overdue in range of 181-365 days, so the subsidiary company recognize an allowance for doubtful account in accordance with the Group's policy at the rate of 50% equivalent to Baht 15.07 million.
- (b) As at December 31, 2019 and 2018, the consolidated financial statements, account receivable amount of Baht 313.92 million and amount of Baht 318.75 million (The separate financial statements amount of Baht 224.57 million and amount of Baht 227.47 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 9.74 million. (The separate financial statements is equivalent USD 6.96 million). Such receivable is due to repayment on June 19, 2018 and August 20 and 23, 2018. When due such receivable postpones the repayment to August 31, 2018 and inform the Company regarding the delay payment of debts due to their total credit line is being revised by bank.

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

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

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

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

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

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

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

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

However, the Group has not yet filed any additional lawsuits, due to being in the process of following up debt collection in according to the letter of debt acceptance. Such foreign trade receivables has already repaid to the Group and the Company in the consolidated financial statements in amount of Baht 5.79 million and the separate financial statements in amount Baht 3.86 million. After the reporting period, such receivables have defaulted to repayment in according to the letter of debt acceptance.

- (c) As at December 31, 2019 and 2018, the consolidated financial statements, accounts receivable total amount of Baht 1,779.59 million and amount of Baht 1,825.75 million. (The separate financial statements, accounts receivable total amount of Baht 1,606.79 million and amount of Baht 1,652.68 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. However, such receivables have defaulted to repayment according to the compromise agreement. The Group has taken additional legal action for the defaulted debtor.

As at December 31, 2019 and 2018, the consolidated and separate financial statements, the default trade receivables have detail of follow-up for repayment as followings.

(Unit : Thousand Baht)

Detail	Consolidated financial statements				Separate financial statements			
	Book value				Book value			
	As at December 31,				As at December 31,			
	Number of accounts	2019	Number of accounts	2018	Number of accounts	2019	Number of accounts	2018
Group A	5	1,395,394	6	1,440,589	5	1,234,028	6	1,279,223
Group B	1	245,670	1	245,670	1	245,670	1	245,670
Group C	1	122,042	1	122,372	1	122,042	1	122,372
Group D	3	16,480	3	17,020	2	5,050	2	5,410
Total	10	1,779,586	11	1,825,751	9	1,606,790	10	1,652,675
Less Allowance for doubtful accounts		(1,779,506)		(1,825,081)		(1,606,740)		(1,652,165)
Net		80		570		50		510

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. Later, in 2019 the Central Bankruptcy Court has ordered 6 debtors for bankrupt the amount of debt in the consolidated financial statements amount of Baht 1,440.59 million and in the separate financial statements amount of Baht 1,279.20 million. The Company's board of management directors meeting No.17/2019 dated on September 25, 2019 has resolution to write-off a debtor and allowance for doubtful account amount of Baht 45.20 million as bad debt in accordance with the judgment of the Bankruptcy Court, including assigned the finance manager to continued seeking the debtor's assets before the lawsuits expire.

In addition, the Company's board of management directors meeting No.17/2019 dated on September 25, 2019 and No.20/2019 dated on November 21, 2019 and the board of director meeting of the subsidiary company No. 24/2019 dated on October 24, 2019 and No.26/2019 dated on November 20, 2019 has resolution to write-off 4 debtors and allowance for doubtful accounts in the consolidated financial statements amount of Baht 1,120.20 million and in the separate financial statements amount of Baht 968.82 million as bad debt in accordance with the judgment of the Bankruptcy Court, including assigned the finance manager to continued seeking the debtor's assets before the lawsuits expire. Later, the Company's board of management directors meeting No.21/2019 dated on December 18, 2019 and the board of director meeting of the subsidiary company No. 28/2019 dated on December 19, 2019 has resolved to cancel the write-off such receivables and allowance for doubtful accounts as bad debt. Because the Company's legal counsel has opinion that not yet be able to write-off bad debt as per the Revenue Code.

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. Later, in June 2019, 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 Company's board of management meeting directors No. 17/2019 dated on September 25, 2019 has resolution to write-off a debtor and allowance for doubtful account in the consolidated and separate financial statements amount of Baht 245.67 million as bad debt in accordance with the judgment of the Bankruptcy Court, including assigned the finance manager to continued seeking the debtor's assets before the lawsuits expire. Later, the Company's board of management directors meeting No.21/2019 dated on December 18, 2019 has resolved to cancel the write-off such receivables and allowance for doubtful accounts as bad debt. Because the Company's legal counsel has opinion that not yet be able to write-off bad debt as per the Revenue Code.

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

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

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

Movements of allowance for doubtful debts trade and other receivable for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(2,148,248)	(1,844,833)	(1,899,140)	(1,701,468)
Increase during the year	(32,070)	(333,362)	-	(227,468)
Reversal during the year	6,166	29,947	4,088	29,796
Write-off to bad debt	45,195	-	45,195	-
Ending balance	(2,128,957)	(2,148,248)	(1,849,857)	(1,899,140)

- 7.2 As at December 31, 2019 and 2018, the consolidated financial statements, advance payment for loan procurement amount of Baht 5.00 million for both years 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. 13/2018 of the subsidiary dated on November 23, 2018. However, if the agent cannot find a loan, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum.
- 7.3 As at December 31, 2019 and 2018, the consolidated financial statements advance payment for future project-other person amount of Baht 3.00 million for both years is advance payment for future construction project which approved by the board of director meeting No. 7/2018 of the subsidiary dated on August 14, 2018. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount. Later, on November 16, 2018, the advance payment has defaulted on repayment to the subsidiary company. The subsidiary company has notified prosecution against the debtor to enforce debt repayment. The subsidiary company set up the allowance for doubtful accounts for the whole amount.
- 7.4 As at December 31, 2019 and 2018, the consolidated financial statements, advance payment for future project-related persons amount of Baht 12.00 million for both years is advance payment for future construction project to the Shareholders of the subsidiary company (Percentage of shareholdings is 0.02%) which according to the agreement of construction project acquirement. The transaction has approved by the board of director meeting No. 6/2017 of the subsidiary dated on November 17, 2017 and No. 2/2018 dated on February 21, 2018. The contract determines service fees to compensate for the coordination in order to get the job as the percentage of the project value received. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum. The term of contract is 180 days, when due the counterparty has extended the term, due to such construction project has postpone. However, the management believes that the subsidiary company will receive a full amount of advance payment if the contract party cannot reach agreement.
- 7.5 As at December 31, 2019 and 2018, the consolidated financial statements, advance payment to guarantee the project the amount of Baht 17.00 million and amount of Baht 35.00 million derived from the contract of hire and accepted to hire for a part of the construction project which the subsidiary company has paid an advance payment to 2 non-related companies as security to guarantee for acceptance of hiring contract which has detail as follows :

The first contract :-

The contract dated September 21, 2018. The contract has determined the director of counterparty company is the guarantor for the deposit in amount of Baht 25.00 million and determined to the director of counterparty handovers the Nor. Sor. 3 Kor. and title deed in Prachuap Khiri Kkan and Bangkok in the amount of 8 title deeds to the subsidiary company for mortgage securities, including handover the postdated cheque, dated December 21, 2018 to the subsidiary company for guarantee in which the case of redeem the advance payment from the counterparty company. The transaction has approved by the board of director meeting No.10/2018 of the subsidiary dated on September 19, 2018. Nevertheless, the counterparty and the subsidiary company did not register such land mortgage with the Department of Lands and does not appraise the value of lands which pledge for collateral. However, the operation of the contract was disrupted. Later, on December 21, 2018, the contract party changed the postdated cheque in the amount of 12 cheques, dated in February to July 2019, with a check value of Baht 1.50-3.00 million each, totaling a value of Baht 25.00 million. Currently, the subsidiary company has collected the cash from 3 cheques amount of Baht 5.00 million. Later, the contract party changed the postdated cheque latest by separate to repayment in 16 installments totaling amount of Baht 20.00 million as followings.

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

Currently, the subsidiary company has received payment in the first to fifth installments amount of Baht 3.00 million and the sixth installments amount of Baht 10.00 million and still remaining debt due for payment in the sixth installment amount of Baht 2.00 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.

Later, the subsidiary company and the contract party changed the postdated cheque latest by separate to repayment in 14 installments totaling amount of Baht 7.00 million as followings.

<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>	<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>
1	Jan 1, 2020	Baht 0.50 million	8	Aug 1, 2020	Baht 0.50 million
2	Feb 1, 2020	Baht 0.50 million	9	Sep 1, 2020	Baht 0.50 million
3	Mar 1, 2020	Baht 0.50 million	10	Oct 1, 2020	Baht 0.50 million
4	Apr 1, 2020	Baht 0.50 million	11	Nov 1, 2020	Baht 0.50 million
5	May 1, 2020	Baht 0.50 million	12	Dec 1, 2020	Baht 0.50 million
6	Jun 1, 2020	Baht 0.50 million	13	Jan 1, 2021	Baht 0.50 million
7	Jul 1, 2020	Baht 0.50 million	14	Feb 1, 2021	Baht 0.50 million

Later, when cheque No. 1 and No. 2 is due, the counter party has defaulted to payment.

The second contract :-

The contract dated October 26, 2018. The contract has determined the director of counterparty company is the guarantor for the deposit in amount of Baht 10.00 million and determined to the director of counterparty handovers the title deed in Chiang Mai in the amount of 4 title deeds to the subsidiary company for mortgage securities, including handover the postdated cheque, dated on April 26, 2019 to the subsidiary company for guarantee in which the case of redeem the advance payment from the counterparty subsidiary company. The transaction has approved by the board of director meeting No. 12/2018 of the subsidiary dated on October 24, 2018. Nevertheless, the counterparty and the subsidiary company did not register such land mortgage with the Department of Lands and does not appraise the value of lands which pledge for collateral. However, the operation of the contract was disrupted. Later, on July 2, 2019, the contract party has changed the collateral by changing to a new title deed in Chiang Rai replace of the former and issue 4 cheques for assurance the payments with include interest in total amount of Baht 11.44 million as follows.

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

Later, on September 17, 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.

Later, on November 28, 2019 the subsidiary company and the contract party change the postdate cheque latest by separate to issue 2 cheques as followings.

<u>Period</u>	<u>Cheque dated</u>	<u>Amount</u>
1	January 31, 2020	Baht 10.00 million
2	January 31, 2020	Baht 1.90 million

Later, when cheques No.1 and No.2 is due, the counter party postponed the payment by issued the new cheques to the Company which dated on April 30, 2020. The amount of cheques are separate to refund advance payment amount of Baht 10.00 million and defaulted interest amount of Baht 2.26 million.

The management of the subsidiary company believes that obtaining such post dated cheque and received partial payment and title deed from counterparty. Even if not preparing a land mortgage agreement to register with that land office are appropriate and adequate for this situation to reduce the risk from refundable deposit and believes that the subsidiary company will refund the deposit in the whole amount. However, after the contract parties defaulted to repayment as mentioned in above, the subsidiary company recognized an allowance for doubtful accounts of advance payment in whole amount of Baht 17.0 million. Anyway, the management is following debt repayment with the contract parties.

8. Short-term loans to other person

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term loans to other person	23,700	28,000	23,700	28,000
<u>Less</u> Allowance for doubtful account	(22,700)	(25,700)	(22,700)	(25,700)
Net	1,000	2,300	1,000	2,300

Movements of allowance for declining in value of inventories for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(25,700)	(30,000)	(25,700)	(30,000)
Received during the year	3,000	4,300	3,000	4,300
Ending balance	(22,700)	(25,700)	(22,700)	(25,700)

As at December 31, 2019 and 2018, 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. 7/2018 dated March 2, 2017, which has interest rate include default interest rate at 8.50% per annum. However, the borrower has defaulted on repayment to the Company when due and request to extend the repayment period to next 6 months. The Company has filed a lawsuit against such borrower to enforce debt repayment. The Company set up the allowance for doubtful accounts for the whole amount.

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

9. Inventories

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	23,186	26,171	1,321	3,032
Work in process	478	6	-	-
Raw materials	13,905	6,627	-	733
Supplies	4,801	4,571	1,320	1,388
Total	42,370	37,375	2,641	5,153
<u>Less</u> Allowance for declining in value of inventories	(8,644)	(6,892)	(539)	(1,536)
Net	33,726	30,483	2,102	3,617

Movements of allowance for declining in value of inventories for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(6,892)	(5,703)	(1,536)	(770)
Reversal (increase) during the year	(1,752)	(1,189)	997	(766)
Ending balance	(8,644)	(6,892)	(539)	(1,536)

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost of inventory record as expense				
and include in the cost of goods sold				
- Cost of goods sold	267,724	303,279	118,647	213,315
- Loss from allowance for decline				
in value of inventories (reversal)	1,770	1,195	(997)	766
- Loss from allowance for decline in value				
of advance payment for goods (reversal)	(18)	(6)	-	-
Total	269,476	304,468	117,650	214,081

10. Advance payment for goods

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Advance payments for goods-other parties	363,010	361,843	361,843	361,843
<u>Less</u> Allowance for doubtful accounts	(361,843)	(361,843)	(361,843)	(361,843)
Net	1,167	-	-	-

For the year ended December 31, 2019 and 2018, no movement of allowance for declining in value of inventories of advance payment.

Movements of allowance for doubtful account of advance payment for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(361,843)	(361,843)	(361,843)	(361,843)
Increase during the year	-	(31,798)	-	-
Reversal during the year	-	31,798	-	-
Ending balance	(361,843)	(361,843)	(361,843)	(361,843)

10.1 As at December 31, 2019 and 2018, the consolidated and separate financial statements, the Company has advance payment for goods to 3 suppliers with total amount of Baht 361.84 million for both years, such suppliers have been unable to deliver goods to the Company in time according to the contract including they did not refund the prepayment amount to the Company. The Company has filed a lawsuit against such suppliers to enforce debt repayment. The Company set up the allowance for doubtful account in the consolidated and separate financial statements whole amount. Later, 2 debtors and the Company entered into compromise agreement. The debtors agreed to make a repayment to the Company by installment which has installment periods in 36-48 periods. However, such receivables have defaulted to repayment according to the compromise agreement. The Company has taken additional legal action for the defaulted debtor.

As at December 31, 2019 and 2018, 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 December 31,</u>	
	<u>2019</u>	<u>2018</u>
The 1 st amount 1	200,567	200,567
The 2 nd amount 1	155,607	155,607
Total	356,174	356,174
<u>Less</u> Allowance for doubtful accounts	(356,174)	(356,174)
Net	-	-

The 1st 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, 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. Later, in December 2019, the Central Bankruptcy Court has ordered the debtor for bankrupt the amount of debt in the consolidated financial statements and separate financial statements amount of Baht 200.57 million.

The 2nd 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. However, in April 2019, the Central Bankruptcy Court has ordered the debtors to be bankrupt.

The Company's board of management directors meeting No. 17/2019 dated on September 25, 2019 has resolution to write-off a debtor and allowance for doubtful account in the consolidated and separate financial statements amount of Baht 155.6 1 million as bad debt in accordance with the judgment of the Bankruptcy Court, including assigned the finance manager to continued seeking the debtor's assets before the lawsuits expire. Later, the Company's board of management directors meeting No.21/2019 dated on December 18, 2019 has resolved to cancel the write-off such receivables and allowance for doubtful accounts as bad debt. Because the company's legal counsel has opinion that not yet be able to write-off bad debt as per the Revenue Code.

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.

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

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

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

11. Non-current assets held for sale

During the year 2019, the Group transferred the land and buildings of the subsidiary company with book value of Baht 415.81 million to non-current assets held for sale which the subsidiary company has pledge as collateral for guarantee the repayment to the debenture payables of the Company. The Company's board of directors meeting No. 1/2019 dated on February 18, 2019 and the Extraordinary General Shareholder Meeting No. 1/2019 of the subsidiary company dated on March 8, 2019 has resolution to approved the subsidiary company sell land and building to the representative of debenture holder of the Company for settlement the debenture of the Company as mentioned in the note to financial statements No.20 and No.29(e).

On August 23, 2019, 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 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 no 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.

However, the selling price of land and building have Baht 550.00 million which has selling expense in amount of Baht 25.46 million. The fair value of land and building which appraised by an appraiser whom approved by the Securities and Exchange Commission (the “SEC”) is in amount of Baht 502.50 million. The subsidiary company recognizes the excess of sale price above fair value as deferred income from sale and leaseback in amount of Baht 38.17 million which amortize to other income over the period of lease contract because the management expect the useful lives of assets as same as the period contract. The detail is as follows:

(Unit : Thousand Baht)	
<u>Consolidated financial statements</u>	
<u>As at December 31, 2019</u>	
Deferred income from sale and leaseback	38,165
<u>Less</u> Amotized to income in the year	(6,550)
<u>Less</u> Current portion as amortized to income	(18,319)
Net (Including in other non-current liabilities)	13,296

12. Investment in subsidiaries

Consisted of:-

(Unit : Thousand Baht)								
<u>Separate financial statements</u>								
<u>Name of companies</u>	<u>Paid-up</u>		<u>Percentage of</u>		<u>Investment</u>		<u>Dividend</u>	
	<u>share capital</u>		<u>shareholding(%)</u>		<u>cost method</u>		<u>For the year ended</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>As at December 31,</u>		<u>December 31,</u>	
					<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rich Asia Industry Co., Ltd.	441,701	441,701	51.88	51.88	536,062	536,062	-	-
G.Y.T. Engineering Co., Ltd.	20,750	20,750	94.82	94.82	19,675	19,675	-	-
Skywell (Thailand) Co., Ltd	60,000	1,250	19.99	99.99	-	1,250	-	-
Total					555,737	556,987		
<u>Less</u> Allowance for impairment loss- Rich Asia Industry Co., Ltd.					(533,200)	(493,800)		
Allowance for impairment loss- G.Y.T. Engineering Co., Ltd.					(19,675)	(8,500)		
Allowance for impairment loss- Skywell (Thailand) Co., Ltd					-	(740)		
Net					-	53,947		

Movement of allowance for impairment loss for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)		
<u>Separate financial statements</u>		
<u>For the year ended December 31,</u>		
	<u>2019</u>	<u>2018</u>
Beginning balance	(503,040)	(348,931)
Increase during the year	(53,437)	(154,109)
Reversal during the year	148	-
Reversal from sales of investment in subsidiary	592	-
Ending balance	<u>(555,737)</u>	<u>(503,040)</u>

Non-controlling interests

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

(Unit : Thousand Baht)						
<u>Name of companies</u>	<u>Proportion of ownership</u>		<u>Total comprehensive</u>			
	<u>interests held by the NCI</u>		<u>income allocated to NCI</u>		<u>Accumulated NCI</u>	
	<u>As at</u>	<u>As at</u>	<u>For the year ended</u>	<u>For the year ended</u>	<u>As at</u>	<u>As at</u>
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rich Asia Industry Co., Ltd.	48.12%	48.12%	4,828	(109,183)	(27,375)	(32,204)

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

	(Unit : Thousand Baht)	
	<u>Rich Asia Industry Co., Ltd.</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current assets	655,822	125,341
Non-current assets	133,416	581,672
Total assets	789,238	707,013
Current liabilities	(803,742)	(704,977)
Non-current liabilities	(42,386)	(68,960)
Total liabilities	(846,128)	(773,937)
Equity attributable to the Company's shareholders	(29,515)	(34,720)
Non-controlling interests	(27,375)	(32,204)

	(Unit : Thousand Baht)	
	<u>Rich Asia Industry Co., Ltd.</u>	
	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	498,433	192,273
Loss for the year attributable to the Company's shareholders	5,545	(117,715)
Loss for the year attributable to non-controlling interests	5,144	(109,183)
Loss for the year	10,689	(226,898)
Other comprehensive income for the year	(655)	-
Total comprehensive income attributable to the Company's shareholders	5,205	(117,715)
Total comprehensive income attributable to non-controlling interests	4,828	(109,183)
Total comprehensive income for the year	10,033	(226,898)
Net cash from operating activities	(56,070)	(143,447)
Net cash from investing activities	26,503	(47,264)
Net cash from financing activities	29,496	194,008
Cash and cash equivalent items increase(decrease)-net	(71)	3,297

Skywell (Thailand) Co., Ltd.

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%. The Company has registred the change of authorized director dated on January 3, 2020. In this regard, the Company considers that the Company has control in such subsidiary company until December 30, 2019. Therefore, does not include the statement of financial position of the subsidiary company in the consolidated statement of financial position as at December 31, 2019, but include its financial performance and cash flows from January 1, 2019 to December 30, 2019 in the consolidated statements of comprehensive income and cash flows. In addition, as a result of the changing status, the Company recorded a loss from revaluation of investment in subsidiary company which change the status to be associated company in amount of Baht 0.19 million and a gain on sale of investment in subsidiary company in the consolidated financial statements amount of Baht 0.34 million and a loss on sale of investment in subsidiary company in the separate financial statements amount of Baht 0.01 million.

As at the date of Skywell (Thailand) Co., Ltd. changed its status to be an associate, the net asset value of such company are as follows:

	(Unit : Thousand Baht)
Current assets	50,394
Other current assets	1
Total assets	50,395
Current liabilities	50,084
Other current liabilities	-
Total liabilities	50,084
Net assets	311
Investment sales amount	400
<u>Less</u> Cash and cash equivalents of subsidiary which status changed to associate	(208)
Net cash received from disposal of subsidiary	(192)

13. Investment in associate

Consisted of:-

(Unit : Thousand Baht)

<u>Name of companies</u>	<u>Percentage of Shareholding(%)</u>		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
			<u>Investment as</u>		<u>Investment as</u>	
			<u>equity method</u>		<u>cost method</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Thai National Product Co., Ltd.	29.89	29.89	158,322	165,574	198,478	198,478
SKYWELL(THAILAND) Co., Ltd.	19.99	-	3,562	-	3,750	-
Total			161,884	165,574	202,228	198,478
<u>Less</u> Allowance for impairment loss Thai National Product Co., Ltd.			-	-	(40,500)	(40,500)
Net			161,884	165,574	161,728	157,978

Movement of allowance for impairment loss for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	-	-	(40,500)	-
Increase during the year	-	-	-	(40,500)
Ending balance	-	-	(40,500)	(40,500)

Financial information of associate company

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

	(Unit : Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current assets	191,228	172,013
Non-current assets	304,050	307,287
Total assets	495,278	479,300
Current liabilities	(79,851)	(84,731)
Non-current liabilities	(14,031)	(5,917)
Total liabilities	(93,882)	(90,648)
Net assets	401,396	388,652

	(Unit : Thousand Baht)	
	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	369,063	294,866
Profit for the year	17,930	737
Other comprehensive income for the year	(5,185)	-
Total comprehensive income for the year	12,745	737
Dividend received from associate for the year	-	-

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

	(Unit: Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Net assets of the associate	401,396	388,652
Shareholding of the company (%)	29.89	29.89
	119,977	116,168
Adjustment the fair value as at acquisition date	38,345	49,406
Other adjustments	-	-
Book value of the Company in associate	158,322	165,574

As at December 31, 2019 and 2018, the Company has pledge its shares of investment in associate 4,346,666 shares, equivalent to 16.04% of shareholdings for both years, as collateral of short-term loan from other persons and parties as mentioned in the note to financial statements No. 19.

The financial information as presented in the financial statements of the Skywell (Thailand) Co., Ltd. were as follows :-

(Unit : Thousand Baht)		
<u>As at December 31,</u>		
	<u>2019</u>	<u>2018</u>
Current assets	58,894	-
Non-current assets	1	-
Total assets	58,895	-
Current liabilities	(41,092)	-
Non-current liabilities	-	-
Total liabilities	(41,092)	-
Net assets	17,803	-

Reconciliation of financial based on the above information and the carrying amount of the equity of Skywell (Thailand) Co., Ltd. with recognize them gradually in the consolidated financial statements.

	(Unit: Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Net assets of the associate	17,803	-
Shareholding of the company (%)	19.99	-
	3,561	-
Other adjustments	1	-
Book value of the Company in associate	3,562	-

In accordance with the minute of the Extraordinary General Meeting of Shareholders of No. 3/2019 hold on December 26, 2019 of Skywell (Thailand) Co., Ltd., has resolution approved to increase its registered capital of the Company from ordinary shares 0.50 million shares with the par value of Baht 10.00 per share, amount of Baht 5.00 million and has paid-up share capital amount of Baht 1.25 million to ordinary shares 6.00 million shares with the par value of Baht 10.00 per share, amount of Baht 60.00 million and has paid-up share capital amount of Baht 18.75 million which the Company has paid-up share capital amount of Baht 3.50 million.

14. Investment property

The movement of investment property for the year ended December 31, 2019 and 2018, were as follow:-

(Unit : Thousand Baht)				
	Consolidated/Separate financial statements			
	Land	Buildings	Work in process	Total
Cost :				
As at January 1, 2018	1,878	18,406	-	20,284
As at December 31, 2018	1,878	18,406	-	20,284
Purchase during the year	405	-	2,786	3,191
As at December 31, 2019	2,283	18,406	2,786	23,475
Accumulated depreciation :				
As at January 1, 2018	-	(13,278)	-	(13,278)
Depreciation for the year	-	(920)	-	(920)
As at December 31, 2018	-	(14,198)	-	(14,198)
Depreciation for the year	-	(920)	-	(920)
As at December 31, 2019	-	(15,118)	-	(15,118)
Book Value :				
As at December 31, 2018	1,878	4,208	-	6,086
As at December 31, 2019	2,283	3,288	2,786	8,357
The depreciation in profit or loss				
For the year ended December 31, 2018				920
For the year ended December 31, 2019				920
Fair value				
As at December 31, 2018				30,560
As at December 31, 2019				30,560

As at December 31, 2019 and 2018, the consolidated and separate financial statements, the whole amount of investment property are pledged for loans granted by financial institutions as mentioned in the note to financial statements No. 16.

The fair value of investment property was determined by an independent appraiser who has been approved by the office of the Securities and Exchange Commission (Thailand). As at December 31, 2019 the fair value of investment property is in accordance to the valuation report dated on July 2018 by using Market Approach for the land valuation and Cost Approach for building valuation which is hierarchy level 3.

15. Property, plant and equipment

The movement of property, plant and equipment for the year ended December 31, 2019 and 2018, were as follow:-

(Unit : Thousand Baht)

	Consolidated financial statements										
	Land and land improvement	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment and office equipment	Office rental improvement	Vehicle	Work in process	Machinery and equipment in process	Total
Cost :											
As at January 1, 2018	316,565	849,154	5,411	1,208,004	12,158	26,050	-	14,151	566	123	2,432,182
Purchase	-	-	-	-	-	255	-	-	-	-	255
Transfer in	-	-	566	20,415	-	2,622	-	-	-	-	23,603
Transfer out	-	-	-	-	-	-	-	-	(566)	(84)	(650)
Sale	-	-	-	-	-	-	-	(41)	-	-	(41)
As at December 31, 2018	316,565	849,154	5,977	1,228,419	12,158	28,927	-	14,110	-	39	2,455,349
Purchase	-	-	-	-	-	1,632	35	420	96	-	2,183
Transfer in	-	-	96	-	-	-	-	-	-	-	96
Transfer out	(275,027)	(836,154)	-	-	-	-	-	-	(96)	-	(1,111,277)
Sale/Written-off	-	-	-	-	-	(10)	-	(4,671)	-	(39)	(4,720)
Transfer out of subsidiary with status changed to associate	-	-	-	-	-	(1)	-	-	-	-	(1)
As at December 31, 2019	41,538	13,000	6,073	1,228,419	12,158	30,548	35	9,859	-	-	1,341,630
Accumulated depreciation :											
As at January 1, 2018	(50,082)	(616,704)	(2,673)	(1,025,100)	(11,487)	(25,203)	-	(14,008)	-	-	(1,745,257)
Depreciation for the year	(431)	(29,819)	(346)	(29,464)	(404)	(668)	-	(74)	-	-	(61,206)
Sale	-	-	-	-	-	-	-	41	-	-	41
As at December 31, 2018	(50,513)	(646,523)	(3,019)	(1,054,564)	(11,891)	(25,871)	-	(14,041)	-	-	(1,806,422)
Depreciation for the year	(78)	(5,978)	(385)	(29,774)	(141)	(984)	(1)	(139)	-	-	(37,480)
Transfer out	50,591	644,775	-	-	-	-	-	-	-	-	695,366
Sale/Written-off	-	-	-	-	-	10	-	4,671	-	-	4,681
Transfer out of subsidiary with status changed to associate	-	-	-	-	-	1	-	-	-	-	1
As at December 31, 2019	-	(7,726)	(3,404)	(1,084,338)	(12,032)	(26,844)	(1)	(9,509)	-	-	(1,143,854)
Net book value :											
As at December 31, 2018	266,052	202,631	2,958	173,855	267	3,056	-	69	-	39	648,927
As at December 31, 2019	41,538	5,274	2,669	144,081	126	3,704	34	350	-	-	197,776
The depreciation in profit or loss											
For the year ended December 31, 2018											61,206
For the year ended December 31, 2019											37,480

(Unit : Thousand Baht)

	Separate financial statements								
	Land	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment and office equipment	Office rental improvement	Vehicle	Total
Cost :									
As at January 1, 2018	41,538	13,000	5,411	79,107	12,159	16,950	-	14,152	182,317
Purchase	-	-	-	-	-	251	-	-	251
Transfer in	-	-	-	20,332	-	2,621	-	-	22,953
Sale	-	-	-	-	-	-	-	(41)	(41)
As at December 31, 2018	41,538	13,000	5,411	99,439	12,159	19,822		14,111	205,480
Purchase	-	-	-	-	-	210	35	336	581
Transfer in	-	-	-	-	-	-	-	-	-
Sale	-	-	-	-	-	(10)	-	(4,671)	(4,681)
As at December 31, 2019	41,538	13,000	5,411	99,439	12,159	20,022	35	9,776	201,380
Accumulated depreciation :									
As at January 1, 2018	-	(6,426)	(2,673)	(78,590)	(11,487)	(16,561)	-	(14,009)	(129,746)
Depreciation for the year	-	(650)	(270)	(1,715)	(404)	(500)	-	(74)	(3,613)
Sale	-	-	-	-	-	-	-	41	41
As at December 31, 2018	-	(7,076)	(2,943)	(80,305)	(11,891)	(17,061)	-	(14,042)	(133,318)
Depreciation for the year	-	(650)	(271)	(2,033)	(140)	(731)	(1)	(124)	(3,950)
Sale	-	-	-	-	-	10	-	4,671	4,681
As at December 31, 2019	-	(7,726)	(3,214)	(82,338)	(12,031)	(17,782)	(1)	(9,495)	(132,587)
Net book value :									
As at December 31, 2018	41,538	5,924	2,468	19,134	268	2,761	-	69	72,162
As at December 31, 2019	41,538	5,274	2,197	17,101	128	2,240	34	281	68,793
The depreciation in profit or loss									
For the year ended December 31, 2018									3,613
For the year ended December 31, 2019									3,950

As at December 31, 2019 and 2018, the Group has pledged the part of land, property and machinery with the book value stated in the consolidated financial statements amount of Baht 175.54 million and amount of Baht 621.97 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. 16 and 20.

As at December 31, 2019 and 2018, the Company has pledged the part of land, property and machinery with the book value stated in the separate financial statements amount of Baht 49.01 million and amount of Baht 49.93 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. 16.

As at December 31, 2019 and 2018, in the consolidated financial statements the Group had the assets which fully depreciated but still in used. The cost price was amount of Baht 226.36 million, the book value was amount of Baht 2,615.23 and the cost price was amount of Baht 238.77 million, the book value was amount Baht 2,635.23 respectively.

As at December 31, 2019 and 2018, in the separate financial statements the Company had the assets which fully depreciated but still in used. The cost price was amount of Baht 116.38 million, the book value was amount of Baht 560.01 and the cost price was amount of Baht 120.40 million, the book value was amount of Baht 556.01 respectively.

16. Credit facilities and guarantee

The Company has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring by granted the total credit line as at December 31, 2019 and 2018, in amount of Baht 1,172.85 million for both years, it is pledged by the Company's land and buildings and certain machinery according to note to financial statements No. 14 and 15, 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.

17. Short-term loans from financial institutions

Consisted of:-

		(Unit : Thousand Baht)	
		<u>Consolidated/Separate financial statements</u>	
		<u>As at December 31,</u>	
		<u>2019</u>	<u>2018</u>
Promissory notes		14,141	15,400
Total		14,141	15,400

As at December 31, 2019 and 2018, the Company has short term loan promissory notes in amount of Baht 14.14 million and amount of Baht 15.40 million respectively, which has default interest rate at 15.00% per annum.

Promissory notes constitute collaterals according as mentioned in the note to financial statements No. 16.

As at December 31, 2019 the financial institution has filed a lawsuit against the Company as mentioned in the note to financial statement No. 29.2(b).

18. Trade and other payable

Consisted of:-

		(Unit : Thousand Baht)	
		<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
		<u>As at December 31,</u>	
		<u>2019</u>	<u>2018</u>
Trade payable-related parties		-	8,647
Trade payable-other parties		28,186	134,673
Other payable-related parties		22	3,118
Other payable-other parties		6,472	6,194
Advance received for goods-related parties		140	-
Advance received for goods-other parties		-	7,527
Accrued expenses-related parties		-	599
Accrued expenses-other parties		234,283	246,769
Post dated cheques-other parties		15	7
Accrued interest-related parties		122,464	-
Deferred income from sale and leaseback		18,319	-
Total		409,901	407,534

In according with minute of the Company's board of management directors meeting No. 17/2019 dated on September 25, has resolution approved to write-off 12 creditors whose expired the right of legal claims, totaling amount of Baht 128.20 million according to the legal advisor's opinion.

19. Short-term loans from other persons and parties

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Short-term loans from other persons and parties	125,000	125,000
Total	125,000	125,000

As at December 31, 2019 and 2018, amount of Baht 125.00 million for both years, was loan from bill of exchange issue to private placement investor through financial institutions whose recommend the investor for the Company. Such loan has maturity term for 6-9 months with financial cost equivalent to interest rate at 7.50% per annum for both years. Such loan has shares of associate pledged as collateral according to the note to financial statements No. 13.

As at December 31, 2019 and 2018, the short term loan from other persons and parties in amount of Baht 125.00 million for both years, which has default interest rate at 15.00% per annum.

20. Debentures

As at December 31, 2019 and 2018, the Company had issued unsubordinated and unsecured debentures, payable quarterly, totaling Baht 1,230 million as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial</u>		<u>Separate financial statements</u>				
	<u>statements</u>						
	<u>As at December 31,</u>		<u>As at December 31,</u>		<u>Interest</u>		
<u>Debentures No.</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>Rate</u>	<u>Term</u>	<u>Maturity Date</u>
1/2015	309,600	500,000	500,000	500,000	6.50 %	1 year 9 month	30 Jan 2017
2/2015	268,600	500,000	500,000	500,000	6.50 %	2 year	16 Jul 2017
3/2015	101,800	230,000	230,000	230,000	6.20 %	1 year 11 month 29 date	27 Oct 2017
รวม	680,000	1,230,000	1,230,000	1,230,000			

On January 11, 2018 the Company received a notice from the bank creditor informing of default payments of liability under debt restructure agreement as mentioned in the note to financial statements No. 21 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, 2018). 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. 1/2018 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, 2018, 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 Debenture Holders' Meeting No. 1/2019 for the Company's debenture holder No.1/2015, No.2/2015 and No.3/2015, dated February 2, 2019, 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. Angkarn Tantiviroon as Chief Executive Officer to sign for personal guarantee with credit limit amount of Baht 830.00 million. And in the case of Rich Asia Industry Co., Ltd. can make 2nd machinery mortgaging for additional borrowing, Rich Asia Industry Co., Ltd. has to make additional repayment to debenture holders in the amount of Baht 50.00 million. The resolution of the debenture holders' meeting was approved.

However, 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 mentioned in the note to financial statements No. 14 (separate to land and building's mortgaged amount of Baht 400.00 million and machinery's mortgaged amount of Baht 100.00 million) 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 mentioned in the note to financial statement No. 29.2(e).

Later, 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 to the representative of debenture holder of the Company at the price of Baht 550.00 million and in accordance with the resolution of Extraordinary General Shareholder Meeting No. 1/2019 of the subsidiary company dated on March 8, 2019, has resolution to the subsidiary company to dispose of land and building to the representative of debenture holder for repayment the debenture of the Company. The subsidiary company subrogated the right from the existing debenture holders as mentioned in the note to financial statement No. 11.

As at December 31, 2019 the Debenture payable as stated in the consolidated financial statements decrease from the separate financial statements amount of Baht 550.0 million due to eliminating inter-transaction between Rich Asia Industry Co.,Ltd. (the subsidiary company) has transferred the right of land and plant to settle the debenture payable on behalf of the Company and Rich Asia Industry Co.,Ltd. has been transferred the rights of claims from the existing debenture holders.

21. Liabilities under debt restructuring agreement

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Principal amount	537,746	537,746
Accrued interest expenses	332,273	247,012
Accrued interest pending for waiving	253,167	253,167
Total	1,123,186	1,037,925

The movements of liabilities under debt restructuring agreement for the year ended December 31, 2019 and 2018, is as follow:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Book value at the beginning balance	1,037,925	967,804
Suspend accrued interest for the year	85,261	70,121
Book value at the ending balance	1,123,186	1,037,925

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

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

(Unit : Thousand Baht)

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

2. The remaining principal repayment in monthly installments including 96 months (8 years) or the maturity date of March 31, 2024 began the first payment date of April 30, 2016, as detailed below:-

- First tranche : The credit line of Baht 400.00 million, as at December 31, 2019, remaining balance amount of Baht 410.44 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 125.25 million and accrued interest pending for waiving amount of Baht 89.59 million (December 31, 2018 : remaining balance amount of Baht 379.68 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 94.49 million and accrued interest pending for waiving amount of Baht 89.59 million), with interest rate at SPRL+1.00% per annum.
- Second tranche : The credit line of Baht 275.00 million, as at December 31, 2019, remaining balance amount of Baht 311.32 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 95.84 million and accrued interest pending for waiving amount of Baht 74.48 million (December 31, 2018 : remaining balance amount of Baht 288.74 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 73.26 million and accrued interest pending for waiving amount of Baht 74.48 million), with interest rate at SPR+1.25% per annum.

- Third tranche : The credit line of Baht 250.00 million, as at December 31, 2019, remaining balance amount of Baht 182.87 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 42.74 million and accrued interest pending for waiving amount of Baht 40.67 million (December 31, 2018 : remaining balance amount of Baht 167.07 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 26.94 million and accrued interest pending for waiving amount of Baht 40.67 million), with interest rate at SPR+1.25% per annum.
- Fourth tranche : The credit line of Baht 200.00 million, as at December 31, 2019, remaining balance amount of Baht 218.56 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 68.45 million and accrued interest pending for waiving amount of Baht 48.43 million (December 31, 2018 : remaining balance amount of Baht 202.44 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 52.33 million and accrued interest pending for waiving amount of Baht 48.43 million), 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. 16.

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.

As at December 31, 2019 the financial institution has filed a lawsuit to the Company as mention in the note to financial statements No.29.2(d).

22. Employee benefit obligations

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

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Employee benefit obligations as at January 1,	3,404	3,428	1,481	1,552
Past service cost	1,123	-	273	-
Current service cost	778	147	489	115
Interest cost	133	84	63	34
Reversal employee benefit obligations	-	(78)	-	(43)
Benefit paid	(465)	(177)	(465)	(177)
Actuarial losses arising from defined benefit plan	3,277	-	2,593	-
Employee benefit obligations as at December 31,	8,250	3,404	4,434	1,481

Changes in the actuarial loss arising from defined benefit plan recognized in other comprehensive income which is included in the retained earnings were as follows :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the six-month periods ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning book value	-	-	-	-
Recognized during the period	(3,277)	-	(2,593)	-
Ending book value	(3,277)	-	(2,593)	-

Expenses recognized in profit or loss for the year ended December 31, 2019 and 2018, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost of goods sold	1,433	-	629	-
Selling expenses	40	7	4	5
Administrative expenses	420	51	121	21
Directors and management’s benefits	8	89	8	89
Finance cost	133	84	63	34
Total	2,034	231	825	149

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Recognized in other comprehensive income</u>				
Actuarial losses arising from defined benefit plan				
Financial assumption	(88)	-	(166)	-
Demographic assumption	1,362	-	1,436	-
Experience adjustments	2,003	-	1,323	-
Total	3,277	-	2,593	-

Principal actuarial assumptions at the reporting date are as at December 31, 2019 and 2018, were as follows:-

(% per annum)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	2.00-2.12	1.68-3.48	2.00	1.68-2.68
Salary increase rate	0.00-3.40	1.93-3.10	0.00-2.80	1.93-2.26
Employee turnover rate	9-60	0-54	9-29	17-47
Mortality rate	100 of Thai Mortality Ordinary Table 2017		100 of Thai Mortality Ordinary Table 2017	
	100 of Thai Mortality Ordinary Table 2008		100 of Thai Mortality Ordinary Table 2008	
Disability rate	0 of Thai Mortality Ordinary Table 2017		0 of Thai Mortality Ordinary Table 2017	
	10 of Thai Mortality Ordinary Table 2008		10 of Thai Mortality Ordinary Table 2008	

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts, were as follows:-

(Unit : Thousand Baht)

<u>Consolidated financial statement</u>				
<u>As at December 31,</u>				
	<u>2019</u>		<u>2018</u>	
Discount	Increase rate (1.00% movement)	(463)	Increase rate (0.50% movement)	(119)
Discount	Decrease rate (1.00% movement)	511	Decrease rate (0.50% movement)	125
Future salary growth	Increase rate (1.00% movement)	563	Increase rate (0.50% movement)	152
Future salary growth	Decrease rate (1.00% movement)	(514)	Decrease rate (0.50% movement)	(145)
Employee turnover	Increase rate (10.00% movement)	(333)	Increase rate (0.50% movement)	(175)
Employee turnover	Decrease rate (10.00% movement)	361	Decrease rate (0.50% movement)	117

(Unit : Thousand Baht)

<u>Separate financial statements</u>				
<u>As at December 31,</u>				
	<u>2019</u>		<u>2018</u>	
Discount	Increase rate (1.00% movement)	(217)	Increase rate (0.50% movement)	(46)
Discount	Decrease rate (1.00% movement)	236	Decrease rate (0.50% movement)	48
Future salary growth	Increase rate (1.00% movement)	247	Increase rate (0.50% movement)	55
Future salary growth	Decrease rate (1.00% movement)	(229)	Decrease rate (0.50% movement)	(53)
Employee turnover	Increase rate (10.00% movement)	(241)	Increase rate (0.50% movement)	(76)
Employee turnover	Decrease rate (10.00% movement)	260	Decrease rate (0.50% movement)	80

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, which the Company have additional liabilities for employee benefit obligations. The Group and the Company have recorded the effect of the change by recognizing past service costs as expenses in profit or loss.

23. Deferred tax liabilities

Deferred tax liabilities as at December 31, 2019 and 2018, were as follows:-

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Deferred tax assets	-	-
Deferred tax liabilities	(25,349)	(67,060)
Net	<u>(25,349)</u>	<u>(67,060)</u>

The movements of deferred tax liabilities for the year ended December 31, 2019 and 2018, were as follows:-

	(Unit : Thousand Baht)		
	<u>Consolidated financial statements</u>		
	As at	(Charged)/credited to	As at
	January 1,	profit or loss	December 31,
	2019	(Note 26)	2019
Deferred tax liabilities			
Property, plant and equipment	(67,060)	41,711	(25,349)
Total	<u>(67,060)</u>	<u>41,711</u>	<u>(25,349)</u>

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

As at December 31, 2019 and 2018, the Group and the Company had deductible temporary differences and tax losses carried forward in consolidated financial statements totaling amount of Baht 3,161.94 million and amount of Baht 3,682.34 million respectively and separate financial statements totaling amount of Baht 3,440.47 million and amount of Baht 3,622.70 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.

24. Share capital

The movement of share capital for the year ended December 31, 2019 and 2018, were as follow:-

	Consolidated/Separate financial statements				
	2019			2018	
	Par Value (Baht)	Number of share (Thousand shares)	Amount (Thousand baht)	Number of share (Thousand shares)	Amount (Thousand baht)
Authorized share capital					
Ordinary shares at beginning of the year	1.00	9,600,000	9,600,000	9,600,000	9,600,000
<u>Add</u> Increase ordinary shares	1.00	-	-	-	-
Ordinary shares at end of the year	1.00	9,600,000	9,600,000	9,600,000	9,600,000
Issue and paid-up share capital					
Ordinary shares at beginning of the year	1.00	3,115,270	3,115,270	3,115,270	3,115,268
<u>Add</u> Increase ordinary shares	1.00	-	-	-	2
Ordinary shares at end of the year	1.00	3,115,270	3,115,270	3,115,270	3,115,270

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

Capital management

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

As at December 31, 2019 and 2018, in the consolidated financial statements, the debt to equity ratio is (1.24) : 1.00 and (1.51) : 1.00 respectively and the separate financial statements, the debt to equity ratio is (1.40) : 1.00 and (1.48) : 1.00 respectively.

25. Expenses by nature

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Changing within finished goods and work in process	2,513	18,709	1,711	30,545
Raw material used	122,093	153,702	-	-
Value of purchase inventory for sale	99,366	32,305	116,136	147,168
Loss from declining in value of inventories (reversal)	1,752	1,189	(997)	766
Employee expenses	25,228	28,887	12,807	18,361
Depreciation	38,400	62,126	4,870	4,534
Doubtful accounts (reversal)	(22,903)	299,115	(7,088)	193,372
Impairment loss on investment in subsidiaries	-	-	53,289	154,109
Impairment loss on investment in associate	-	-	-	40,500
Loss on loss of non – controlling in subsidiary	188	-	-	-
Unrealized (gain) loss from exchange rate	-	1,844	-	1,029
Actuarial losses arising from defined benefit plan	655	-	-	-
Expenses from defaulted of advance payment for goods	-	32,963	-	-
Other expenses	87,798	72,759	24,501	63,247
Finance costs	198,089	195,228	210,119	195,178
Total	553,179	898,827	415,348	848,809

26. Income tax revenue

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax expenses	3,228	-	-	-
Deferred tax expense (Note 23)				
Movements in temporary differences	(41,711)	(10,824)	-	-
Total	(38,483)	(10,824)	-	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2019 and 2018, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting loss before tax	(104,395)	(643,177)	(157,995)	(623,006)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(20,879)	(128,635)	(31,599)	(124,601)
Effect from change of deferred tax	(41,711)	(10,824)	-	-
Tax effect of income exempt from tax and expenses				
that are not considered as taxable expenses	25,611	107,113	9,441	85,824
Current year loss for which no deferred tax asset was recognised	22,593	55,432	22,158	38,777
Loss carry forward	(44,066)	-	-	-
Effect of elimination entry on the consolidated financial statements	19,969	(33,910)	-	-
Income tax revenues reported in comprehensive income statement	(38,483)	(10,824)	-	-

27. Basic loss per share

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Loss for the year (Unit : Thousand Baht)	(68,527)	(522,860)	(157,995)	(623,006)
The number of issued and paid-up ordinary shares				
(Unit : Thousand shares)	3,115,270	3,115,270	3,115,270	3,115,270
Basic loss per share (Baht/share)	(0.02)	(0.17)	(0.05)	(0.20)

28. Segment information

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

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

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

Business segments

For years ended December 31, 2019 and 2018, the Group has only one major geographic segment is a produce and distribution of steel product business

Geographic segments

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

Major customers

For the years ended December 31, 2019, the Group has revenues from 2 customers amount of Baht 211.68 million of the Group total revenues. (2018 : revenues from 4 customers, amount of Baht 168.04 million.)

29. Obligations and contingent liabilities

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

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

(Unit: Million Baht)

	<u>Consolidated/Separate financial statements</u>			
	<u>As at December 31</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
- Letter of guarantee has bank deposit of the Group pledge for collateral	1.65	2.90	-	1.25

29.2 Litigation

- (a) As at December 31, 2019 and 2018, a lawsuit had been filed against the Company claiming in the amount of Baht 25.35 million. This comprised debt amount of Baht 24.61 million arising from the purchase of goods and interest charges amount of Baht 0.74 million and interest rate at 12.00% per annum until the payment is settled. The Civil Court ordered the Company to pay the creditor. Currently the Company has already paid the whole amount of principle debt. The remaining interest expenses amount of Baht 0.84 million, the Company has negotiated with creditor to waived the remaining amount.

- (b) As at December 31, 2019 and 2018, a lawsuit had been filed against the Company regarding breach of the contract, promissory notes, forced mortgage and guarantor as mentioned in the note to financial statement No.17. Which claiming in the amount of Baht 19.73 million plus interest rate at 15.00% per annum. This principle debt amount of Baht 16.00 million. The Company submitted a filed against a lawsuit. And on November 11, 2019, the Court has ordered the payment of Baht 14.14 million plus interest rate 10.00% per annum from the default date. However, the Company is preparing to submit an objection to the Court of Appeal.
- (c) As at December 31, 2019 and 2018, 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 Court of Appeal 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.
- (d) As at December 31, 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 mentioned in the note to financial statement No. 20. Which claiming in the amount of Baht 1,117.27 million plus interest rate to 21.00% per annum. This principle debt amount of Baht 579.51 million. A lawsuit is in between considered of the Court.
- (e) 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 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. 11 and No. 20. In order to settle disputes in this lawsuit the Court considers that the compromise agreement is not against the law and therefore judges the lawsuit to be completed in accordance with the compromise agreement.

29.3 Tax assessment

During the quarter 1/2017, the Company received a value added tax assessment notice from the Revenue Department, covering the years 2012 through 2014, and assessing tax amounting to approximately amount of Baht 202.13 million (including penalties and surcharges). The Company did not agree with the assessments and submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department on April 11, 2017 and the appeal is currently under consideration by the Committee. Anyway the Revenue Department has issued a warning letter to the Company to pay the outstanding taxes in February and August 2018 and has ordered to sequester some bank deposit account of the Company in September 2018. However, the management believes that the outcome of the case will be favorable to the Company and therefore, the Company has not recorded provision for the tax assessments in the accounts.

30. Financial instruments

30.1 Policy to manage financial risk

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

30.2 Interest rate risk

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

(Unit: Million Baht)

Consolidated financial statements

	<u>Amount</u>		<u>Interest rate per annum (%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Saving deposit	0.02	0.06	0.30-1.00	0.10-0.50
Current bank deposit, interest bearing	5.66	17.39	1.00	1.00
Short-term loans from to other person	1.00	2.30	-	-
Fixed deposit	1.74	3.08	0.22	0.80-1.00
Short-term loans from financial institutions	14.14	15.40	6.25-15.00	6.25-15.00
Short-term loan from other persons and parties	125.00	125.00	7.50-15.00	7.50-15.00
Debentures	680.00	1,230.00	8.20-8.50	8.20-8.50
Debt under restructuring agreement	537.75	537.75	8.75-21.00	8.75-21.00

(Unit: Million Baht)

Separate financial statements

	<u>Amount</u>		<u>Interest rate per annum (%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Saving deposit	0.01	-	1.00	-
Short-term loans to subsidiary company	570.44	595.94	8.00	8.00
Short-term loan to other person	1.00	2.30	-	-
Fixed deposit	-	1.35	-	1.00
Short-term loans from financial institutions	14.14	15.40	6.25-15.00	6.25-15.00
Short-term loan from other persons and parties	125.00	125.00	7.50-15.00	7.50-15.00
Debentures from other persons and related parties	1,230.00	1,230.00	8.20-8.50	8.20-8.50
Debt under restructuring agreement	537.75	537.75	8.75-21.00	8.75-21.00

30.3 Exchange rate risk

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

<u>Currency</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>				
Million US Dollor	9.74	9.92	6.96	7.08
<u>Liabilities</u>				
Million US Dollor	-	2.57	-	2.57

30.4 Credit risk

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

30.5 Fair Value

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

31. Fair value hierarchy

As of December 31, 2019 and 2018, the Group had the assets and liabilities that were disclosed fair value which using different levels of inputs to be used in fair value measurement as follows:-

(Unit : Million Baht)

	<u>Consolidated/Separate financial statements</u>							
	<u>As at December 31, 2019</u>				<u>As at December 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets disclosed at fair value</u>								
Investment properties (Note 14)	-	-	30.56	30.56	-	-	30.56	30.56

32. Provident fund

The Company had provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E.1987, in the name of “TISCO 2 Registered Provident Fund”. The fund is contributed to by the Company and its employees at rates ranging from 2% of the employees’ salaries the Fund is managed by Tisco Securities Company Limited and will be paid to the employees upon termination in accordance with the rules of fund. The contributions are recognized as expenses in the year in when they are incurred. For the year ended 2019 and 2018, the Company has provident fund expense in amount of Baht 0.28 million and Baht 0.33 million respectively.

33. Approval of financial statements

These consolidated and separated financial statements were authorized for issue by the Company’s board of director on March 2, 2020.
