

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY INDEPENDENT AUDITOR

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

I have reviewed the accompanying consolidated and separate statements of financial position as at June 30, 2019 and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period ended June 30, 2019 and condensed notes to financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiaries and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED. The management of the entity is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matter and event

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

1. I draw attention to the note to financial statements No. 2.1 the Group and the Company incurred a net loss for the six-month period ended June 30, 2019 in the consolidated financial statements amount of Baht 137.52 million and in the separate financial statements amount of Baht 112.13 million and as at June 30, 2019 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,366.57 million and amount of Baht 2,290.84 million and total liabilities exceeded total assets by amount of Baht 2,054.87 million and amount of Baht 2,004.27 million respectively. These conditions, along with other matters as set forth as mentioned in the note to financial statements No. 2.2, 16, 18, 19, 20 and 26 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern.
2. As mentioned in the note to financial statements No. 6.1(a) as at June 30, 2019 the Group and the Company have foreign account receivable in amount of Baht 318.75 million and amount of Baht 227.47 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. Later, 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. The Group has not yet filed any additional lawsuits, due to being in the process of following up debt collection in according to the debt acceptance letter. After the reporting period, the Group and the Company have been received in amount of Baht 3.21 million and Baht 1.92 million respectively.
3. As mentioned in the note to financial statements No. 6.1(b) and No. 9.1 the Group and the Company have trade accounts receivable and advance payment receivables for goods that have defaulted to repayment. The Group and the Company has recognized allowance for doubtful accounts in whole amount, whereby the Group and the Company is in the process to collect the debt. As at June 30, 2019, 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 which the 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 June 2019, August 2019 and September 2019, the Central Bankruptcy Court has ordered 5 debtors for bankrupt. The amount of debtor in the consolidated financial statements amount of Baht 1,165.39 million and in the separate financial statements amount of Baht 1,014.01 million. Furthermore, the receivables of Group B as in the consolidated and separate financial statements

amount of Baht 401.28 million have been filed the lawsuit against the Bankruptcy Court by other companies. Later, in April 2019 and June 2019, the Central Bankruptcy Court has ordered 2 debtors for bankrupt. The amount of debtor in the consolidated financial statements and in the separate financial statements are amount of Baht 401.28 million. After the reporting period, the Group and the Company have resolution to write-off 7 debtors and allowance for doubtful account as bad debt in accordance with the judgment of the Bankruptcy Court. Anyway, the management has explained that, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court, the management has taken civil and criminal rights to the court till the ended of debt enforcement process and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Group and the Company filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

4. As mentioned in the note to financial statements No. 6.4 the consolidated financial statement as at June 30, 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 mentioned in the note to financial statements No. 6.5 such subsidiary has deposit payment for future project to 2 other companies, as at June 30, 2019 remaining amount of Baht 32.00 million. However, the projects did not start as in the plan. The contract parties are in process of gradually refund the deposit payment to the subsidiary company. Anyway, the management believes that the subsidiary will be able to refund the whole amount of deposit payment because the subsidiary has been received partial payment and received the post-dated cheques and title deed as collateral which is considered as a risk mitigation that is appropriate and sufficient for this situation.

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

SAM NAK-NGAN A.M.C. CO., LTD.

(Mr. Naris Saowalagsakul)

Certified Public Accountant Registration No. 5369

Bangkok,

December 3, 2019

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | |
|-------------------------------------|-----------------------------------|---------------------|---------------------|-------------------------------|-------------------|
| | Notes | As at | | As at | |
| | | June 30, 2019 | December 31, 2018 | June 30, 2019 | December 31, 2018 |
| | | Unaudited | Audited | Unaudited | Audited |
| | | Limited review only | Limited review only | | |
| <u>Assets</u> | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents items | 5 | 12,757 | 18,907 | 159 | 715 |
| Trade and other receivable | 4.1 and 6 | 134,960 | 95,509 | 29,587 | 8,530 |
| Short-term loans to related parties | 4.1 | - | - | 582,709 | 595,943 |
| Short-term loans to other person | 7 | 1,800 | 2,300 | 1,800 | 2,300 |
| Inventories | 8 | 35,871 | 30,483 | 3,126 | 3,617 |
| Advance payment for goods | 9 | 1,897 | - | - | - |
| Non-current assets held for sale | 10 | 415,814 | - | - | - |
| Total current assets | | 603,099 | 147,199 | 617,381 | 611,105 |
| Non-current assets | | | | | |
| Bank deposit pledged as collateral | | 2,245 | 3,078 | - | 1,351 |
| Investment in subsidiaries | 11 | - | - | 53,947 | 53,947 |
| Investment in associate | 12 | 157,044 | 165,574 | 157,978 | 157,978 |
| Investment property | 13 | 8,821 | 6,086 | 8,821 | 6,086 |
| Property, plant and equipment | 14 | 212,525 | 648,927 | 70,715 | 72,162 |
| Other non-current assets | | 3,489 | 3,938 | 727 | 683 |
| Total non-current assets | | 384,124 | 827,603 | 292,188 | 292,207 |
| Total assets | | 987,223 | 974,802 | 909,569 | 903,312 |

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 June 30, 2019

(Unit : Thousand Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|------------|-----------------------------------|-------------------|-------------------------------|-------------------|
| | | As at | | As at | |
| | Notes | June 30, 2019 | December 31, 2018 | June 30, 2019 | December 31, 2018 |
| | | Unaudited | Audited | Unaudited | Audited |
| | | Limited review only | | Limited review only | |
| <u>Liabilities and shareholders' equity</u> | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 16 | 14,141 | 15,400 | 14,141 | 15,400 |
| Trade and other payable | 4.1 and 17 | 522,245 | 407,534 | 460,800 | 382,050 |
| Short-term loans from other persons and parties | 18 | 125,000 | 125,000 | 125,000 | 125,000 |
| Debentures | 19 | 1,230,000 | 1,230,000 | 1,230,000 | 1,230,000 |
| Liabilities under debt restructuring agreement | 20 | 1,078,284 | 1,037,925 | 1,078,284 | 1,037,925 |
| Total current liabilities | | 2,969,670 | 2,815,859 | 2,908,225 | 2,790,375 |
| Non-current liabilities | | | | | |
| Employee benefit obligations | 21 | 7,545 | 3,404 | 3,976 | 1,481 |
| Deferred tax liabilities | 22 | 63,240 | 67,060 | - | - |
| Other non current liabilities | | 1,633 | 1,000 | 1,633 | 1,000 |
| Total non-current liabilities | | 72,418 | 71,464 | 5,609 | 2,481 |
| Total liabilities | | 3,042,088 | 2,887,323 | 2,913,834 | 2,792,856 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 9,600,000,000 ordinary shares @ Baht 1.00 | | 9,600,000 | 9,600,000 | 9,600,000 | 9,600,000 |
| Issued and paid-up share capital | | | | | |
| 3,115,269,786 ordinary shares @ Baht 1.00 | | 3,115,270 | 3,115,270 | 3,115,270 | 3,115,270 |
| Discount on share capital | | (1,062,823) | (1,062,823) | (1,062,823) | (1,062,823) |
| Deficit | | (4,129,462) | (4,007,109) | (4,056,712) | (3,941,991) |
| Other component of shareholders' equity | | 73,689 | 73,689 | - | - |
| Total shareholders' equity of the Company | | (2,003,326) | (1,880,973) | (2,004,265) | (1,889,544) |
| Non-controlling interests | | (51,539) | (31,548) | - | - |
| Total shareholders' equity | | (2,054,865) | (1,912,521) | (2,004,265) | (1,889,544) |
| Total liabilities and shareholder's equity | | 987,223 | 974,802 | 909,569 | 903,312 |

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 six-month period ended June 30, 2019

(Unit : Thousand Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|--------------|--|-------------|--------------------------------------|-------------|
| | Notes | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | | |
| Revenue | | | | | |
| Revenue from sales | | 143,769 | 144,340 | 39,390 | 133,336 |
| Other incomes | | 11,835 | 6,658 | 7,862 | 3,086 |
| Total revenues | | 155,604 | 150,998 | 47,252 | 136,422 |
| Expenses | | | | | |
| Cost of sales | 8 | 159,940 | 160,547 | 38,816 | 128,193 |
| Selling expenses | | 1,030 | 1,389 | 468 | 1,089 |
| Administrative expenses | | 29,452 | 33,474 | 19,828 | 27,013 |
| Loss on impairment of investment in subsidiaries | 11 | - | - | - | 46,190 |
| Reversal doubtful accounts | 6, 7 and 9 | (2,787) | (17,336) | (2,024) | (28,856) |
| Expenses from defaulted of advance payment for goods | 9 | - | 32,963 | - | - |
| Finance cost | | 102,326 | 94,995 | 102,292 | 94,964 |
| Total expenses | | 289,961 | 306,032 | 159,380 | 268,593 |
| Loss before share of loss on investment in associate and income tax | | (134,357) | (155,034) | (112,128) | (132,171) |
| Share of loss on investment in associate | | (6,980) | (6,331) | - | - |
| Loss before income tax | | (141,337) | (161,365) | (112,128) | (132,171) |
| Income tax revenue | 23 | 3,820 | 5,387 | - | - |
| Loss for the period | | (137,517) | (155,978) | (112,128) | (132,171) |
| Other comprehensive income | | | | | |
| Item that will not be reclassified to profit or loss | | | | | |
| Actuarial losses arising from defined benefit plan | | (3,277) | - | (2,593) | - |
| Income tax on other comprehensive income | | - | - | - | - |
| Share of other comprehensive loss of associate | | (1,550) | - | - | - |
| Other comprehensive income for the period | | (4,827) | - | (2,593) | - |
| Total comprehensive income for the period | | (142,344) | (155,978) | (114,721) | (132,171) |

Unaudited

Limited review only

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended June 30, 2019

(Unit : Thousand Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|-------------|--|------------------|--------------------------------------|------------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | | |
| Loss for the year attributable to : | | | | | |
| Equity holders of the parent company | | (117,843) | (115,987) | (112,128) | (132,171) |
| Non-controlling interests of the subsidiaries | | (19,674) | (39,991) | - | - |
| | | <u>(137,517)</u> | <u>(155,978)</u> | <u>(112,128)</u> | <u>(132,171)</u> |
| Total comprehensive loss attributable to : | | | | | |
| Equity holders of the parent company | | (122,353) | (115,987) | (114,721) | (132,171) |
| Non-controlling interests of the subsidiaries | | (19,991) | (39,991) | - | - |
| | | <u>(142,344)</u> | <u>(155,978)</u> | <u>(114,721)</u> | <u>(132,171)</u> |
| Basic loss per share | | | | | |
| Equity holders of the Company (Unit : Baht) | 24 | (0.038) | (0.037) | (0.036) | (0.042) |

Unaudited

Limited review only

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RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month period ended June 30, 2019

(Unit : Thousand Baht)

| | | | | Other component of shareholders' equity | | Total shareholders' equity of the Company | Non-controlling interests | Total shareholders' equity |
|---|----------------------------------|---------------------------|-------------|--|--|---|---------------------------|----------------------------|
| | | | | Other changes resulting from shareholders | | | | |
| | Issued and paid-up share capital | Discount on share capital | Deficit | Surplus from change in equity interest in subsidiary company | Total other component shareholders' equity | | | |
| | | | | | | | | |
| Balance as at January 1, 2018 (restated) | 3,115,268 | (1,062,823) | (3,484,248) | 73,689 | 73,689 | (1,358,114) | 77,945 | (1,280,169) |
| Loss for the period (restated) | - | - | (115,987) | - | - | (115,987) | (39,991) | (155,978) |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | (115,987) | - | - | (115,987) | (39,991) | (155,978) |
| Ending balance as at June 30, 2018 | 3,115,268 | (1,062,823) | (3,600,235) | 73,689 | 73,689 | (1,474,101) | 37,954 | (1,436,147) |
| Balance as at January 1, 2019 | 3,115,270 | (1,062,823) | (4,007,109) | 73,689 | 73,689 | (1,880,973) | (31,548) | (1,912,521) |
| Loss for the period | - | - | (117,843) | - | - | (117,843) | (19,674) | (137,517) |
| Other comprehensive income | - | - | (4,510) | - | - | (4,510) | (317) | (4,827) |
| Total comprehensive income for the period | - | - | (122,353) | - | - | (122,353) | (19,991) | (142,344) |
| Ending balance as at June 30, 2019 | 3,115,270 | (1,062,823) | (4,129,462) | 73,689 | 73,689 | (2,003,326) | (51,539) | (2,054,865) |

Unaudited

Limited review only

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month period ended June 30, 2019

(Unit : Thousand Baht)

| | Issued and paid-up share capital | Discount on share capital | Deficit | Total |
|---|---|--------------------------------------|----------------|--------------|
| Balance as at January 1, 2018 | 3,115,268 | (1,062,823) | (3,318,985) | (1,266,540) |
| Loss for the period | - | - | (132,171) | (132,171) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | (132,171) | (132,171) |
| Ending balance as at June 30, 2018 | 3,115,268 | (1,062,823) | (3,451,156) | (1,398,711) |
| Balance as at January 1, 2019 | 3,115,270 | (1,062,823) | (3,941,991) | (1,889,544) |
| Loss for the period | - | - | (112,128) | (112,128) |
| Other comprehensive income | - | - | (2,593) | (2,593) |
| Total comprehensive income for the period | - | - | (114,721) | (114,721) |
| Ending balance as at June 30, 2019 | 3,115,270 | (1,062,823) | (4,056,712) | (2,004,265) |

Unaudited

Limited review only

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2019

(Unit : Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------|--------------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | (Restated) | | | |
| Cash flows from operating activities | | | | |
| Loss before income tax | (141,337) | (161,365) | (112,128) | (132,171) |
| Adjustments to reconcile loss before income tax for cash received (paid) from operation | | | | |
| Depreciation | 21,383 | 30,372 | 1,956 | 1,588 |
| Depreciation for investment property | 456 | 456 | 456 | 456 |
| Doubtful accounts trade receivable and advance payment for goods (reversal) | (1,787) | (17,336) | (1,024) | (28,856) |
| Doubtful accounts short-term loans to other person (reversal) | (1,000) | - | (1,000) | - |
| Loss from declining in value of inventories (reversal) | (942) | (1,403) | (439) | (187) |
| Impairment loss on investment in subsidiaries | - | - | - | 46,190 |
| Share of loss on investment in associate | 6,980 | 6,331 | - | - |
| Share of loss on inventories of investment in associate | - | 8 | - | - |
| Unrealized gain on exchange rate | (4,373) | (6,507) | (4,373) | (5,111) |
| Profit from disposal and write-off of assets | (762) | - | (770) | - |
| Employee benefits expense | 1,271 | 141 | 343 | 70 |
| Interest income | (126) | (772) | (4) | (307) |
| Interest expenses | 102,268 | 94,943 | 102,268 | 94,950 |
| Interest expenses of employee benefits | 58 | 52 | 24 | 21 |
| Loss from operation before changes in operating assets and liabilities | (17,911) | (55,080) | (14,691) | (23,357) |
| Operating assets (increase) decrease | | | | |
| Trade and other receivable | (36,594) | (46,143) | (19,876) | (34,882) |
| Inventories | (4,446) | 43,322 | 930 | 42,888 |
| Advance payment for goods | (1,897) | (17,113) | - | 40,579 |
| Other non-current assets | 449 | (835) | (44) | (473) |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payable | 57,176 | 13,070 | 21,215 | (10,359) |
| Employee benefit obligation | (465) | (187) | (465) | (177) |
| Other non-current liabilities | 633 | - | 633 | - |
| Cash received (paid) from operation | (3,055) | (62,966) | (12,298) | 14,219 |
| Cash paid for income tax | (1,071) | (127) | (157) | (7) |
| Net cash received from (used in) operating activities | (4,126) | (63,093) | (12,455) | 14,212 |

Unaudited

Limited review only

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2019

(Unit : Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------|--------------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | (Restated) | | | |
| Cash flows from investing activities | | | | |
| (Increase) decrease in bank deposits pledged as collateral | 833 | 167 | 1,351 | (10) |
| Cash payment for short-term loans from related parties | - | - | (6,155) | (160,165) |
| Cash received from short-term loans from related parties | - | - | 19,389 | 19,315 |
| Cash received from short-term loans from other person | 1,500 | - | 1,500 | - |
| Cash payment for purchase of investment property | (3,191) | - | (3,191) | - |
| Cash payment for purchase of property, plant and equipment | (829) | (19) | (502) | (19) |
| Cash received from sale of property, plant and equipment | 803 | - | 770 | - |
| Cash received from interest | 127 | 344 | 4 | 125 |
| Net cash received from (used in) investing activities | (757) | 492 | 13,166 | (140,754) |
| Cash flows from financing activities | | | | |
| Decrease in short-term loans from financial institutions | (1,259) | - | (1,259) | - |
| Cash paid for interest expenses | (8) | (13) | (8) | (13) |
| Net cash used in financing activities | (1,267) | (13) | (1,267) | (13) |
| Cash and cash equivalent items decrease-net | (6,150) | (62,614) | (556) | (126,555) |
| Cash and cash equivalent items at the beginning of the period | 18,907 | 128,562 | 715 | 126,673 |
| Cash and cash equivalent items at the end of the period | 12,757 | 65,948 | 159 | 118 |

Supplemental cash flow information

Non-cash transactions

| | | | | |
|--|---------|--------|---|--------|
| - Purchase fixed assets by credit | 7 | - | 7 | - |
| - Transfer property, plant and equipment to non-current assets held for sale | 415,814 | - | - | - |
| - Debtor settlement by transferred property, plant and equipment | - | 22,953 | - | 22,953 |

Unaudited

Limited review only

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

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

For the six-month period ended June 30, 2019

(UNAUDITED/LIMITED REVIEW ONLY)

1. General information

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

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

2. Basis of interim financial statements preparation and accounting policies

2.1 Going concern

The Group and the Company incurred a net loss for the six-month period ended June 30, 2019 in the consolidated financial statement amount of Baht 137.52 million and in the separate financial statement amount of Baht 112.13 million (For the six-month period ended June 30, 2018, the Group and the Company incurred a net loss in the consolidated financial statement amount of Baht 155.98 million and in the separate financial statement amount of Baht 132.17 million) and as at June 30, 2019 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,366.57 million and amount of Baht 2,290.84 million and total liabilities exceeded total assets by amount of Baht 2,054.87 million and amount of Baht 2,004.27 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).

The Board of Directors' meeting No. 4/2018 has the resolution to enter debt restructuring under the rehabilitation through the Bankruptcy Court. However, on December 27, 2018 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mentioned in the note to financial statements No. 2.2. These conditions, along with other matters as set forth as mentioned in the note to financial statements No. 16, 18, 19, 20 and 26 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Presently, the Company is in the process of improving its operating, coordinate and cooperates with creditors to find the appropriate the debt restructuring process and finding new source of funds. The Company's management believes that it is able to improve its operation and find out the debt restructuring plan with the creditors and obtain adequate credit facilities for continuing its operation.

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

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

The Board of Directors' meeting No. 4/2018 of the Company has the resolution approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court on March 6, 2017, and approved the Company to be Rehabilitation Planner. The Central Bankruptcy Court has already accepted such petition. The Court scheduled the inquiry on the petition on May 29, 2017, however upon the date to inquiry the petition, 20 creditors had submitted request to object the petition. The Court has scheduled to inquiry the witness of requesting party in September to October 2017 and the witness of objection party in October to December 2017. Later, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation. However, the Company has concluded the debt restructuring plan with debentures payables as mentioned in the note to financial statements No. 19, 26.2(d) and 28.1 and preparing to new submit a petition for Business Rehabilitation to the Central Bankruptcy Court.

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

- 2.4 The interim financial statements are prepared in the condensed format and in accordance with Thai Accounting Standard No. 34 (Revised 2018) “Interim Financial Reporting” including interpretations and guidance promulgated by the Federation of Accounting Professions (“FAP”), related announcements of the Securities and Exchanges Commission. However, the Group and the Company has presented items in the statements of financial position, statements of comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.
- 2.5 The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2018. They do not include all of the financial information requires for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2018.
- 2.6 The interim financial statements are presented in Thai Baht, rounded to the nearest thousand baht unless otherwise stated.
- 2.7 Using of the significant accounting policies and the calculation method of the Group and the Company in the preparation of the interim financial statements for the six-month period ended June 30, 2019 are consistent with those used in the annual financial statements for the year ended December 31, 2018.
- 2.8 New financial reporting standards

2.8.1 Financial reporting standards that became effective in the current year

During the period, the Group has adopted the revised financial reporting standards and financial reporting interpretations (revised 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 Group and the Company's financial statements.

2.8.2 Financial reporting standard that will become effective in the future

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards and interpretations financial reporting standards that are mandatory for annual periods beginning on or after January 1, 2020. The Group has not yet early adopted these new and revised financial reporting standards which are as follows:-

| <u>Reference standard No.</u> | <u>Name</u> | <u>Effective date</u> |
|---|---|-----------------------|
| <u>Thai Accounting Standards (TAS)</u> | | |
| TAS 32 | Financial Instruments: Presentation | January 1, 2020 |
| <u>Thai Financial Reporting Standards (TFRS)</u> | | |
| TFRS 7 | Financial Instruments: Disclosures | January 1, 2020 |
| TFRS 9 | Financial Instruments | January 1, 2020 |
| TFRS 16 | Leases | January 1, 2020 |
| <u>Thai Financial Reporting Interpretations (TFRIC)</u> | | |
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation | January 1, 2020 |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments | January 1, 2020 |

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

3. Principles of interim consolidation financial statements

The interim consolidated financial statements for the six-month period ended June 30, 2019 have been prepared by including the financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiaries (“The Group”) after eliminate the significant related party balances and transactions. The Company has shareholding in directly and indirectly on those subsidiaries as follows:-

| <u>Name of subsidiaries</u> | <u>Nature of business</u> | <u>Country of incorporation</u> | <u>Percentage of shareholdings</u> | |
|---|--|---------------------------------|--------------------------------------|--------------------------|
| | | | <u>As at</u> <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Rich Asia Industry Co., Ltd. | Production and distribution of steel pipe, steel product and service of steel production | Thai | 51.88 | 51.88 |
| G.Y.T. Engineering Co., Ltd. | Procurement of material, equipment, and technology as well as investment in utilities and infrastructure | Thai | 94.82 | 94.82 |
| SKYWELL(THAILAND) Co., Ltd. (Formerly : Rich Asia Utilities Co., Ltd.) | Distributor electric vehicles | Thai | 99.99 | 99.99 |

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

4. Related parties transaction

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

4.1 Inter-assets and liabilities

| | (Unit : Thousand Baht) | | | |
|---|--|--------------------------|--------------------------------------|--------------------------|
| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 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 company (Note 6.4) | 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 | - | - | 6,155 | 249,533 |
| Repayment | - | - | (19,389) | (45,190) |
| Ending balance | - | - | 582,709 | 595,943 |

As at June 30, 2019, the Company had short-term loans to the subsidiary company in amount of Baht 170.69 million which due within 2020 and amount of Baht 412.02 million which due within 2019, is carried by interest rate of 8.00% per annum.

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

Therefore, the Company ceased revenue recognition for interest income since July 1, 2017 onward due to there is uncertainty to collectable. However, the subsidiary company still has commitment to pay interest as stipulated in the loan agreement. The Company will recognize interest income when interest is paid.

As at June 30, 2019 and December 31, 2018 the subsidiary company has mortgaged land, building and certain machinery as collateral to debenture payables of the Company for guarantee the repayment in credit limit amount of Baht 500.00 million temporarily until to repayment. However, these mortgages are belonging collateral part of the short-term loans to the subsidiary company as mentioned in the note to financial statements No. 14, 19 and 26.2(d). After the reporting period, the subsidiary company has sold land and building to the representative of debenture holder and subrogate the right from the existing debenture holders as mentioned in the note to financial statements No. 28.1.

(Unit : Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--------------------------------|--|--------------------------|--------------------------------------|--------------------------|
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| <u>Trade and other payable</u> | | | | |
| Rich Asia Industry Co., Ltd. | - | - | 25,733 | 6,607 |
| G.T. Steel Works Co., Ltd. | 11,747 | 11,747 | 11,747 | 11,747 |
| Director | 25 | 617 | 25 | 18 |
| Total | 11,772 | 12,364 | 37,505 | 18,372 |

4.2 Inter-revenues and expenses

(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> |
| <u>Transactions with related person and related companies</u> | | | | |
| Revenues from sales of goods | 25 | 11,676 | 25 | 824 |
| Other expenses | 150 | 167 | 150 | 167 |
| <u>Transactions with subsidiary companies</u> | | | | |
| (Eliminated from consolidated financial statements) | | | | |
| Other income | - | - | 5 | - |
| Rental income | - | - | 120 | 120 |
| Purchase of goods | - | - | 38,325 | 80,440 |
| Other expenses | - | - | 7 | - |

4.3 Directors and management's benefits

(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> |
| Short-term employee benefits | 5,131 | 5,304 | 5,131 | 5,304 |
| Post-employment benefits | 8 | 45 | 8 | 45 |
| Total | 5,139 | 5,349 | 5,139 | 5,349 |

4.4 Pricing policies

Pricing policies for each transactions are described as follows:-

| <u>Type of transactions</u> | <u>Pricing policies</u> |
|-----------------------------|--|
| Revenues from sale | Price can be comparative against outside parties |
| Other income | Actual price/Contract price |
| Rental income | Contract price |
| Purchases of goods | Price can be comparative against outside parties |
| Other expenses | Actual price/Contract price |

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. 15 and 19. No fees are charged for these guarantees.

The other company has brought land and building guarantee the Company's credit facilities from financial institutions as mentioned in the note to financial statements No.15 and 20. No fees are charged for these guarantees.

4.5 Types of relationship of related parties are as follows:

| <u>Name of Companies/Persons</u> | <u>Type of business</u> | <u>Type of relationship</u> |
|---|--|--|
| Rich Asia Industry Co., Ltd. | Production and distribution of steel pipe, steel product 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 | Subsidiary |
| Thai National Product Co., Ltd. | Foundation pile manufacturing, distribution delivery and pile driving and production of concrete product | Associate |
| G.T. Steel Work Co., Ltd. | Production and distribution of steel | Closed cousin of executive officer are director and shareholders |
| Ms. Angkakarn Tantiviroon | | Chief Executive Officer Director |
| Mr. Somkiat Vongsarajana | | Managing Director |
| Mr. Teera Phoncharoensuk | | Director |
| Mr. Thanathorn Boonsiripattanacharoen | | Shareholders of the subsidiary company |

5. Cash and cash equivalent items

Consisted of:-

(Unit : Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|------------------|--|--------------------------|--------------------------------------|--------------------------|
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Cash | 67 | 80 | 45 | 53 |
| Savings deposits | 122 | 62 | 104 | - |
| Current deposits | 12,568 | 18,765 | 10 | 662 |
| Total | 12,757 | 18,907 | 159 | 715 |

6. Trade and other receivable

Consisted of:-

| (Unit : Thousand Baht) | | | | |
|---|--|--------------------------|--------------------------------------|--------------------------|
| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Trade receivable-other parties | 2,138,514 | 2,116,216 | 1,869,360 | 1,850,060 |
| Cheques received-other parties | 80,866 | 63,607 | 35,930 | 36,360 |
| Total trade receivable | 2,219,380 | 2,179,823 | 1,905,290 | 1,886,420 |
| <u>Less</u> Allowance for doubtful accounts | (2,142,046) | (2,143,833) | (1,878,609) | (1,879,633) |
| Total trade receivable-net | 77,334 | 35,990 | 26,681 | 6,787 |
| Other receivable-related parties | - | - | 18,112 | 18,112 |
| Other receivable-other parties | 2,728 | 2,213 | 2,389 | 1,416 |
| Revenue department receivable | 4,633 | 4,227 | 181 | - |
| Advance-payment for loan procurement | 5,000 | 5,000 | - | - |
| Advance-payment for future project-other person | 3,000 | 3,000 | - | - |
| Advance-payment for future project-related person | 12,000 | 12,000 | - | - |
| Advance payment to guarantee the future project | 32,000 | 35,000 | - | - |
| Others | 2,680 | 2,494 | 1,731 | 1,722 |
| Total other receivable | 62,041 | 63,934 | 22,413 | 21,250 |
| <u>Less</u> Allowance for doubtful accounts | (4,415) | (4,415) | (19,507) | (19,507) |
| Total other receivable-net | 57,626 | 59,519 | 2,906 | 1,743 |
| Total trade and other receivable | 134,960 | 95,509 | 29,587 | 8,530 |

6.1 Trade receivable-other parties

| (Unit : Thousand Baht) | | | | |
|--|--|--------------------------|--------------------------------------|--------------------------|
| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Within credit term | 29,264 | 35,420 | 25,577 | 6,277 |
| Over due 1 to 90 days | 46,173 | - | - | - |
| Over due 91 to 180 days | - | 17,459 | - | 17,459 |
| Over due 181 to 365 days | 17,755 | 301,292 | 17,755 | 210,009 |
| Over due over 1 year | 2,126,188 | 1,825,652 | 1,861,958 | 1,652,675 |
| Total | 2,219,380 | 2,179,823 | 1,905,290 | 1,886,420 |
| <u>Less</u> Allowance for doubtful debts | (2,142,046) | (2,143,833) | (1,878,609) | (1,879,633) |
| Net | 77,334 | 35,990 | 26,681 | 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 June 30, 2019 and December 31, 2018, the consolidated financial statements, account receivable amount of Baht 318.75 million for the both periods (The separate financial statements amount of Baht 227.47 million for the both periods) were foreign account receivable with settlement by letter of credit 180 days, deliver goods at the factory of the Group (Ex-work) with amount of foreign currency in the consolidated financial statements is equivalent USD 9.92 million (The separate financial statements is equivalent USD 7.08 million). Such receivable is due to repayment on June 19, 2018 and August 20 and 23, 2018. When due such receivable postpones the repayment to August 31, 2018 and inform the Company regarding the delay payment of debts due to their total credit line is being revised by bank.

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

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

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

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

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

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

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

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

However, the Group has not yet filed any additional lawsuits, due to being in the process of following up debt collection in according to the letter of debt acceptance. After the reporting period, the Group has collected debt repayment from such foreign trade receivables in the consolidated financial statements in amount of USD 0.10 million is equivalent Baht 3.21 million and the separate financial statements in amount USD 0.06 million is equivalent Baht 1.92 million.

- (b) As at June 30, 2019 and December 31, 2018, the consolidated financial statements, there are 11 accounts receivable total amount of Baht 1,825.19 million and amount of Baht 1,825.75 million. (The separate financial statements, there are 10 accounts receivable total amount of Baht 1,652.25 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 June 30, 2019 and December 31, 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 | |
|--------------------------------------|-----------------------------------|---------------|-------------------|-----------------------|-------------------------------|-------------------|
| | Number of accounts | Book value | | Number of accounts | Book value | |
| | | As at | | | As at | |
| | | June 30, 2019 | December 31, 2018 | | June 30, 2019 | December 31, 2018 |
| Group A | 6 | 1,440,589 | 1,440,589 | 6 | 1,279,223 | 1,279,223 |
| Group B | 1 | 245,670 | 245,670 | 1 | 245,670 | 245,670 |
| Group C | 1 | 122,122 | 122,372 | 1 | 122,122 | 122,372 |
| Group D | 3 | 16,811 | 17,020 | 2 | 5,230 | 5,410 |
| Total | 11 | 1,825,192 | 1,825,751 | 10 | 1,652,245 | 1,652,675 |
| Less Allowance for doubtful accounts | | (1,824,962) | (1,825,081) | | (1,652,105) | (1,652,165) |
| Net | | 230 | 570 | | 140 | 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 June 2019, August 2019, and September 2019 the Central Bankruptcy Court has ordered 5 debtors for bankrupt the amount of debt in the consolidated financial statements amount of Baht 1,165.39 million and in the separate financial statements amount of Baht 1,014.01 million.

After the reporting period, 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 5 debtors and allowance for doubtful accounts in the consolidated financial statements amount of Baht 1,165.39 million and separate financial statements amount of Baht 1,014.01 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.

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.

After the reporting period, 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.

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

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

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

Movements of allowance for doubtful debts trade and other receivable for the six-month periods ended June 30, 2019 and 2018, are as follow:-

(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 balance | (2,148,248) | (1,843,418) |
| Increase during the period | - | (11,611) |
| Reversal during the period | 1,787 | 28,947 |
| Ending balance | (2,146,461) | (1,826,082) |

- 6.2 As at June 30, 2019 and December 31, 2018, the consolidated financial statements, advance payment for loan procurement amount of Baht 5.00 million for the both periods 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.
- 6.3 As at June 30, 2019 and December 31, 2018, the consolidated financial statements advance payment for future project-other person amount of Baht 3.00 million for both periods is advance payment for future construction project which approved by the board of director meeting No. 7/2018 of the subsidiary dated on August 14, 2018. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount. Later, on November 16, 2018, the advance payment has defaulted on repayment to the subsidiary company. The subsidiary company has notified prosecution against the debtor to enforce debt repayment. The subsidiary company set up the allowance for doubtful accounts for the whole amount.
- 6.4 As at June 30, 2019 and December 31, 2018, the consolidated financial statements, advance payment for future project-related persons amount of Baht 12.00 million for both periods 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. 6/2018 of the subsidiary dated on November 17, 2018 and No. 2/2018 dated on February 21, 2018. The contract determines service fees to compensate for

the coordination in order to get the job as the percentage of the project value received. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum. The term of contract is 180 days, when due the counterparty has extended the term, due to such construction project has postpone. However, the management believes that the subsidiary company will receive a full amount of advance payment if the contract party cannot reach agreement.

6.5 As at June 30, 2019 and December 31, 2018, the consolidated financial statements, advance payment to guarantee the project the amount of Baht 32.00 million and amount of Baht 35.00 million respectively 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 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.

After the reporting period, 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 |

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 |

The management of the subsidiary company believes that obtaining such post dated cheque and received partial payment and title deed from counterparty 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.

7. Short-term loans to other person

Consisted of:-

(Unit : Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|--------------------------|--------------------------------------|--------------------------|
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Short-term loans to other person | 26,500 | 28,000 | 26,500 | 28,000 |
| <u>Less</u> Allowance for doubtful account | (24,700) | (25,700) | (24,700) | (25,700) |
| Net | 1,800 | 2,300 | 1,800 | 2,300 |

Movements of allowance for doubtful debts short-term loans to other person for the six-month periods ended June 30, 2019 and 2018, are as follow:-

(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 balance | (25,700) | (30,000) | (25,700) | (30,000) |
| Reversal during the period | 1,000 | - | 1,000 | - |
| Ending balance | (24,700) | (30,000) | (24,700) | (30,000) |

As at June 30, 2019 and December 31, 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, 2018 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, 2018, which approved by the board of management directors No. 7/2018 dated March 2, 2018, 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 300,000 Baht per installment. The 7th to 41st installments of 500,000 Baht per installment and the final installments of 8,700,000 Baht, the first installment commencing in January 31, 2019.

8. Inventories

Consisted of:-

| | | (Unit : Thousand Baht) | | | |
|---|--|--|--------------------------|--------------------------------------|--------------------------|
| | | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
| | | <u>As at</u> | | <u>As at</u> | |
| | | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Finished goods | | 21,837 | 26,171 | 2,163 | 3,032 |
| Work in process | | 457 | 6 | - | - |
| Raw materials | | 14,664 | 6,627 | 733 | 733 |
| Supplies | | 4,863 | 4,571 | 1,327 | 1,388 |
| Total | | 41,821 | 37,375 | 4,223 | 5,153 |
| <u>Less</u> Allowance for declining in value of inventories | | (5,950) | (6,892) | (1,097) | (1,536) |
| Net | | 35,871 | 30,483 | 3,126 | 3,617 |

Movements of allowance for declining in value of inventories for the six-month periods ended June 30, 2019 and 2018, are as follow:-

| | (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 balance | (6,892) | (5,703) | (1,536) | (770) |
| Reversal (increase) during the period | 942 | 1,403 | 439 | (34) |
| Ending balance | (5,950) | (4,300) | (1,097) | (804) |

| (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> |
| Cost of inventory record as expense and include in the cost of goods sold | | | | |
| - Cost of goods sold | 160,882 | 161,950 | 39,225 | 128,006 |
| - Loss from allowance for decline in value of inventories (reversal) | (942) | (1,403) | (439) | 34 |
| - Loss from allowance for decline in value of advance payment for goods | - | - | - | 153 |
| Total | 159,940 | 160,547 | 38,816 | 128,193 |

9. Advance payment for goods

Consisted of:-

(Unit : Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|--|--------------------------|--------------------------------------|--------------------------|
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Advance payments for goods-other parties | 363,740 | 361,843 | 361,843 | 361,843 |
| <u>Less</u> Allowance for doubtful accounts | (361,843) | (361,843) | (361,843) | (361,843) |
| Net | 1,897 | - | - | - |

Movements of allowance for declining in value of advance payment for goods for the six-month periods ended June 30, 2019 and 2018, are as follow:-

(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 balance | - | - | - | - |
| Increase during the period | - | - | - | (153) |
| Ending balance | - | - | - | (153) |

Movements of allowance for doubtful account of advance payment for goods for the six-month periods ended June 30, 2019 and 2018, are as follow:-

(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 balance | (361,843) | (361,843) | (361,843) | (361,843) |
| Increase during the period | - | (31,798) | - | - |
| Reversal during the period | - | 31,798 | - | - |
| Ending balance | (361,843) | (361,843) | (361,843) | (361,843) |

9.1 As at June 30, 2019 and December 31, 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 the both periods, such suppliers have been unable to deliver goods to the Company in time according to the contract including they did not refund the prepayment amount to the Company. The Company has filed a lawsuit against such suppliers to enforce debt repayment. The Company set up the allowance for doubtful account in the consolidated and separate financial statements whole amount. Later, 2 debtors and the Company entered into compromise agreement. The debtors agreed to make a repayment to the Company by installment which has installment periods in 36-48 periods. However, such receivables have defaulted to repayment according to the compromise agreement. The Company has taken additional legal action for the defaulted debtor.

As at June 30, 2019 and December 31, 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</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Group A, amount 1 account | 200,567 | 200,567 |
| Group B, amount 1 account | 155,607 | 155,607 |
| Total | 356,174 | 356,174 |
| <u>Less</u> Allowance for doubtful accounts | (356,174) | (356,174) |
| Net | - | - |

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

The group B receivable was defaulted to repayment in accordance with the compromise agreement.

The Company traced the land of the debtors with Land Department and not found their property. However, such receivable has been filed the lawsuit against the Bankruptcy Court by other company and the Central Bankruptcy Court has ordered to seize the debtor's assets. The Company is in the process to file a request for payment with the Official Receiver. However, in April 2019, the Central Bankruptcy Court has ordered the debtors to be bankrupt.

After the reporting period, 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 155.61 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.

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.

9.2 As shown in the statement of comprehensive income for the six-month period ended June 30, 2019, 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.

10. Non-current assets held for sale

As at June 30, 2019, in the consolidated financial statements, non-current assets held for sale is land and building that 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.19, 26.2(d) and 28.1.

11. Investment in subsidiaries

Consisted of:-

(Unit : Thousand Baht)

| Name of companies | Paid-up | | Percentage of | | Separate financial statements | | | |
|--|---------------|---------|-----------------|-------|-------------------------------|-------------------|---------------------------|------|
| | | | | | Investment | | Dividend | |
| | | | | | cost method | | For the six-month periods | |
| | share capital | | shareholding(%) | | As at | | ended June 30, | |
| | 2018 | 2018 | 2018 | 2018 | June 30, 2019 | December 31, 2018 | 2019 | 2018 |
| Rich Asia Industry Co., Ltd. | 441,701 | 441,701 | 51.88 | 51.88 | 536,062 | 536,062 | - | - |
| G.Y.T. Engineering Co., Ltd. | 20,750 | 20,750 | 94.82 | 94.82 | 19,675 | 19,675 | - | - |
| Skywell (Thailand) Co., Ltd | 1,250 | 1,250 | 99.99 | 99.99 | 1,250 | 1,250 | - | - |
| Total | | | | | 556,987 | 556,987 | | |
| <u>Less</u> Allowance for impairment loss-Rich Asia Industry Co., Ltd. | | | | | (493,800) | (493,800) | | |
| Allowance for impairment loss- G.Y.T. Engineering Co., Ltd. | | | | | (8,500) | (8,500) | | |
| Allowance for impairment loss-Skywell (Thailand) Co., Ltd | | | | | (740) | (740) | | |
| Net | | | | | 53,947 | 53,947 | | |

Movement of allowance for impairment loss for the six-month periods ended June 30, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

| | Separate financial statements | |
|----------------------------|--|-----------|
| | For the six-month periods ended June 30, | |
| | 2019 | 2018 |
| Beginning balance | (503,040) | (348,931) |
| Increase during the period | - | (46,190) |
| Ending balance | (503,040) | (395,121) |

Non-controlling interests

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

(Unit : Thousand Baht)

| Name of companies | Proportion of ownership | | Total comprehensive | | | |
|------------------------------|---------------------------|-------------------|-------------------------|----------|-----------------|-------------------|
| | | | income allocated to NCI | | Accumulated NCI | |
| | | | For the six-month | | As at | |
| | interests held by the NCI | | periods ended June 30, | | June 30, 2019 | |
| | As at | | 2019 | 2018 | June 30, 2019 | December 31, 2018 |
| | June 30, 2019 | December 31, 2018 | | | | |
| Rich Asia Industry Co., Ltd. | 48.12% | 48.12% | (19,948) | (39,947) | (52,152) | (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</u> | | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Current assets | 581,700 | 125,341 |
| Non-current assets | 146,785 | 581,672 |
| Total assets | 728,485 | 707,013 |
| Current liabilities | (770,118) | (704,977) |
| Non-current liabilities | (66,746) | (68,960) |
| Total liabilities | (836,864) | (773,937) |
| Equity attributable to the Company's shareholders | (56,227) | (34,720) |
| Non-controlling interests | (52,152) | (32,204) |

| (Unit : Thousand Baht) | | |
|---|-------------|-------------|
| <u>Rich Asia Industry Co., Ltd.</u> | | |
| <u>For the six-month periods ended June 30,</u> | | |
| | <u>2019</u> | <u>2018</u> |
| Revenue | 147,086 | 95,151 |
| Loss for the period attributable to the Company's shareholders | (21,167) | (43,069) |
| Loss for the period attributable to non-controlling interests | (19,633) | (39,947) |
| Loss for the period | (40,800) | (83,016) |
| Other comprehensive income for the period | (655) | - |
| Total comprehensive income attributable to the Company's shareholders | (21,507) | (43,069) |
| Total comprehensive income attributable to non-controlling interests | (19,948) | (39,947) |
| Total comprehensive income for the period | (41,455) | (83,016) |
| Net cash from operating activities | 5,426 | (72,077) |
| Net cash from investing activities | 6,928 | 400 |
| Net cash from financing activities | (13,234) | 135,558 |
| Cash and cash equivalent items increase (decrease)-net | (880) | 63,881 |

12. Investment in associate

Consisted of:-

(Unit : Thousand Baht)

| | | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | | |
|---|-----------------|--|-----------------|--------------------------------------|-----------------|---------------------|
| | | <u>Investment as</u> | | <u>Investment as</u> | | |
| <u>Percentage of Shareholding(%)</u> | | <u>equity method</u> | | <u>cost method</u> | | |
| <u>Name of companies</u> | <u>As at</u> | <u>As at</u> | | <u>As at</u> | | |
| | <u>June 30,</u> | <u>December 31,</u> | <u>June 30,</u> | <u>December 31,</u> | <u>June 30,</u> | <u>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 | 157,044 | 165,574 | 198,478 | 198,478 |
| <u>Less</u> Allowance for impairment loss | | | - | - | (40,500) | (40,500) |
| Net | | | 157,044 | 165,574 | 157,978 | 157,978 |

Movement of allowance for impairment loss for the six-month periods ended June 30, 2019 and 2018, are as follow:-

(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 balance | - | - | (40,500) | - |
| Increase during the period | - | - | - | - |
| Ending balance | - | - | (40,500) | - |

Financial information of associate company

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

(Unit : Thousand Baht)

| | <u>As at</u> | |
|-------------------------|----------------------|--------------------------|
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Current assets | 175,647 | 172,013 |
| Non-current assets | 307,783 | 307,287 |
| Total assets | 483,430 | 479,300 |
| Current liabilities | (83,318) | (84,731) |
| Non-current liabilities | (15,787) | (5,917) |
| Total liabilities | (99,105) | (90,648) |
| Net assets | 384,325 | 388,652 |

| | (Unit : Thousand Baht) | | | |
|---|-------------------------------|-------------|-------------------------------|-------------|
| | <u>For the three-month</u> | | <u>For the six-month</u> | |
| | <u>periods ended June 30,</u> | | <u>periods ended June 30,</u> | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Revenue | 67,062 | 69,195 | 145,167 | 147,759 |
| Profit for the period | (1,995) | 217 | 859 | 2,972 |
| Other comprehensive income for the period | (5,185) | - | (5,185) | - |
| Total comprehensive income for the period | (7,180) | 217 | (4,326) | 2,972 |
| Dividend received from associate for the period | - | - | - | - |

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

| | (Unit: Thousand Baht) | |
|--|-----------------------|--------------------------|
| | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Net assets of the associate | 384,325 | 388,652 |
| Shareholding of the company (%) | 29.89 | 29.89 |
| | 114,875 | 116,168 |
| Adjustment the fair value as at acquisition date | 42,169 | 49,406 |
| Other adjustments | - | - |
| Book value of the Company in associate | 157,044 | 165,574 |

As at June 30, 2019 and December 31, 2018, the Company has pledge its shares of investment in associate 4,346,666 shares, equivalent to 16.04% of shareholdings for both periods, as collateral of short-term loan from other persons and parties as mentioned in the note to financial statements No. 18.

13. Investment property

The movement of investment property for the six-month period ended June 30, 2019, were as follow:-

| | (Unit : Thousand Baht) |
|---|---|
| | <u>Consolidated/Separate financial statements</u> |
| Book value at the beginning of the period | 6,086 |
| Purchase of assets | 3,191 |
| Depreciation for the period | (456) |
| Book value at the end of the period | <u>8,821</u> |

As at June 30, 2019 and December 31, 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. 15.

14. Property, plant and equipment

The movement of property, plant and equipment for the six-month period ended June 30, 2019, were as follow:-

| | (Unit : Thousand Baht) | |
|---|-----------------------------|-----------------------------|
| | <u>Consolidated</u> | <u>Separate</u> |
| | <u>financial statements</u> | <u>financial statements</u> |
| Book value at the beginning of the period | 648,927 | 72,162 |
| Purchase of assets | 836 | 509 |
| Sale/written-off | (4,618) | (4,578) |
| Depreciation for the period | (21,383) | (1,956) |
| Accumulated depreciation for sale/written-off | 4,577 | 4,578 |
| Transfer to non-current assets held for sale | | |
| Cost | (1,111,181) | - |
| Accumulated depreciation | 695,367 | - |
| Book value at the end of the period | 212,525 | 70,715 |

As at June 30, 2019 and December 31, 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 189.85 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 as mentioned in the note to financial statements No. 15 and 19.

As at June 30, 2019 and December 31, 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 49.47 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 as mentioned in the note to financial statements No. 15.

As at June 30, 2019 and December 31, 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 217.70 million, the book value was amount of Baht 2,600.23 and the cost price was amount of Baht 238.77 million, the book value was amount Baht 2,635.23 respectively.

As at June 30, 2019 and December 31, 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 116.01 million, the book value was amount of Baht 556.01 and the cost price was amount of Baht 120.40 million, the book value was amount of Baht 556.01 respectively.

15. Credit facilities and guarantee

The Company has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring by granted the total credit line as at June 30, 2019 and December 31, 2018, in amount of Baht 1,172.85 million for both periods, it is pledged by the Company's land and buildings and certain machinery as mentioned in the note to financial statements No. 13 and 14, some land and buildings of other company, land and buildings of director of the Company, a part of deposit at bank of the Company and its subsidiaries, other company and director the Company, and beneficiary from insurance in buildings, machinery and equipment to commercial bank and financial institutions.

16. Short-term loans from financial institutions

Consisted of:-

(Unit : Thousand Baht)

| | <u>Consolidated/Separate financial statements</u> | |
|------------------|---|--------------------------|
| | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Promissory notes | 14,141 | 15,400 |
| Total | 14,141 | 15,400 |

As at June 30, 2019 and December 31, 2018, the Company has short term loan promissory notes in amount of Baht 14.14 million and amount of Baht 15.40 million for respectively, which has default interest rate at 15.00% per annum. The Company has defaulted for all repayment. However, the Board of Directors' meeting No. 4/2018 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2018 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mentioned in the note to financial statements No. 2.2.

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

As at June 30, 2019 and December 31, 2018, the financial institution has filed a lawsuit against the Company as mentioned in the note to financial statement No. 26.2(b).

17. Trade and other payable

Consisted of:-

| | (Unit : Thousand Baht) | | | |
|--|--|--------------------------|--------------------------------------|--------------------------|
| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Trade payable-related parties | 8,647 | 8,647 | 34,380 | 15,254 |
| Trade payable-other parties | 185,753 | 134,673 | 107,751 | 112,124 |
| Other payable-related parties | 3,125 | 3,118 | 3,125 | 3,118 |
| Other payable-other parties | 8,758 | 6,201 | 4,872 | 2,507 |
| Advance received for goods-other parties | 7,141 | 7,527 | 7,142 | 7,642 |
| Accrued expenses-related parties | - | 599 | - | - |
| Accrued expenses-other parties | 308,821 | 246,769 | 303,530 | 241,405 |
| Total | 522,245 | 407,534 | 460,800 | 382,050 |

18. Short-term loans from other persons and parties

Consisted of:-

| | (Unit : Thousand Baht) | |
|---|---|--------------------------|
| | <u>Consolidated/Separate financial statements</u> | |
| | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Short-term loans from other persons and parties | 125,000 | 125,000 |
| Total | 125,000 | 125,000 |

As at June 30, 2019 and December 31, 2018, amount of Baht 125.00 million for both periods, was loan from bill of exchange issue to private placement investor through financial institutions whose recommend the investor for the Company. Such loan has maturity term for 6-9 months with financial cost equivalent to interest rate at 7.50% per annum for both periods. Such loan has shares of associate pledged as collateral as mentioned in the note to financial statements No. 12.

As at June 30, 2019 and December 31, 2018, the short term loan from other persons and parties in amount of Baht 125.00 million for both periods, which has default interest rate at 15.00% per annum. The Company has defaulted for all repayment. However, the Board of Directors' meeting No. 4/2018 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mentioned in the note to financial statements No. 2.2.

19. Debentures

As at June 30, 2019 and December 31, 2018, the Company had issued unsubordinated and unsecured debentures, payable quarterly, totaling Baht 1,230 million as follows:-

(Unit : Thousand Baht)

| <u>Consolidated/Separate financial statements</u> | | | | | |
|---|----------------------|--------------------------|----------------------|-------------------------|----------------------|
| <u>As at</u> | | | | | |
| <u>Debentures No.</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>Interest Rate</u> | <u>Term</u> | <u>Maturity Date</u> |
| 1/2015 | 500,000 | 500,000 | 6.50 % | 1 year 9 month | 30 Jan 2018 |
| 2/2015 | 500,000 | 500,000 | 6.50 % | 2 year | 16 Jul 2018 |
| 3/2015 | 230,000 | 230,000 | 6.20 % | 1 year 11 month 29 date | 27 Oct 2018 |
| Total | 1,230,000 | 1,230,000 | | | |

On January 11, 2017 the Company received a notice from the bank creditor informing of default payments of liability under debt restructure agreement as mentioned in the note to financial statements No. 19 and called the Company to repay the principal and accrued interest within 15 days from the date of receipt of the notice (which on January 26, 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 Board of Directors' meeting No. 4/2018 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2018 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mentioned in the note to financial statements No. 2.2.

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

1. Acknowledge results of request for business rehabilitation.
2. Considerations for initial process to rectify the defaulted debt repayment whereby partial repayment of the principal will be made and provide third party collateral. The resolution of the debenture holders' meeting was approved.
3. Considerations for process of partial of principle debenture repayment whereby the Company has agreed for partial repayment of the principal of Baht 400.00 million, all repayment will be made to every debenture holder in proportion to the value of debentures. In this regard, the debenture holders will have to approve the agenda items 4 and 5, and with conditions requiring the debenture holders to submit letter of consent for business rehabilitation not less than amount of Baht 922.50 million. The resolution of the debenture holders' meeting was approved.
4. Considerations for mortgage registration as debenture holder's insurance whereby the Company has given consent for Rich Asia Industry Co., Ltd. mortgage its machinery as guarantee to the debenture holders in the amount of Baht 100.00 million. The resolution of the debenture holders' meeting was approved.

5. The Company has provided initial guidelines for the rectification for defaults of the Company's debt by submitting for new business rehabilitation. Whereby, when the Company is able to make partial repayment to debenture holders in Agenda 3 and mortgage its machinery as guarantee in Agenda 4, together with a private guarantee for the rest of the default for the debenture holders in Agenda 6, the debenture holders are to consider allowing the debenture holders signed letter of consent for the Company to enter Business Rehabilitation. Whereby, PCL Planner Co., Ltd. and Phoenix Advisory Services Co., Ltd. are assigned to be co-planner of the Company's Business Rehabilitation Plan. The resolution of the debenture holders' meeting was approved.
6. Considerations for guarantee and further repayment which the Debenture holders has proposed to Ms. 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, as at June 30, 2019 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. 15 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. 26.2(d).

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. 28.1. However, the land and buildings have fair value as of transaction dated according to the appraisal report with the valuation of land and buildings by an appraiser approved by the Securities and Exchange Commission (the "SEC") amount of Baht 502.90 million.

20. Liabilities under debt restructuring agreement

Consisted of:-

| | | |
|--------------------------------------|---|--------------------------|
| | (Unit : Thousand Baht) | |
| | <u>Consolidated/Separate financial statements</u> | |
| | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Principal amount | 537,746 | 537,746 |
| Accrued interest expenses | 287,371 | 247,012 |
| Accrued interest pending for waiving | 253,167 | 253,167 |
| Total | 1,078,284 | 1,037,925 |

The movements of liabilities under debt restructuring agreement for the six-month period ended June 30, 2019, were as follow:-

| | |
|---|---|
| | (Unit : Thousand Baht) |
| | <u>Consolidated/Separate financial statements</u> |
| Book value at the beginning of the period | 1,037,925 |
| Suspend accrued interest for the period | 40,359 |
| Book value at the end of the period | 1,078,284 |

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 June 30, 2019, remaining balance amount of Baht 394.20 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 109.01 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 June 30, 2019, remaining balance amount of Baht 299.45 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 83.97 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 June 30, 2019, remaining balance amount of Baht 174.56 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 34.43 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 June 30, 2019, remaining balance amount of Baht 210.07 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 59.96 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 as mentioned in the note to financial statements No. 15.

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

As at June 30, 2019, the financial institution has filed a lawsuit against the Company as mentioned in the note to financial statement No. 26.2(e).

21. Employee benefit obligations

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

| | (Unit : Thousand Baht) | | | |
|---|--|--------------------------|--------------------------------------|--------------------------|
| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Employee benefit obligations at the beginning of the period | 3,404 | 3,428 | 1,481 | 1,552 |
| Past service cost | 1,123 | - | 272 | - |
| Current service cost | 148 | 147 | 71 | 115 |
| Interest cost | 58 | 84 | 24 | 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 at the end of the period | <u>7,545</u> | <u>3,404</u> | <u>3,976</u> | <u>1,481</u> |

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 statements of comprehensive income are shown collectively for the six-month periods ended June 30, 2019 and 2018 are 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> |
| <u>Recognized in profit or loss</u> | | | | |
| Cost of goods sold | 856 | 40 | 211 | - |
| Selling expenses | 31 | 3 | 3 | 3 |
| Administrative expenses | 376 | 42 | 121 | 22 |
| Directors and management’s benefits | 8 | 45 | 8 | 45 |
| Finance cost | 58 | 52 | 24 | 21 |
| Total | 1,329 | 182 | 367 | 91 |
| <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 June 30, 2019 and December 31, 2018, were as follows:-

(% per annum)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|------------------------|--|--|--|--|
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 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 2018 | 100 of Thai Mortality Ordinary Table 2008 | 100 of Thai Mortality Ordinary Table 2018 | 100 of Thai Mortality Ordinary Table 2008 |
| Disability rate | 0 of Thai Mortality Ordinary Table 2018 | 10 of Thai Mortality Ordinary Table 2008 | 0 of Thai Mortality Ordinary Table 2018 | 10 of Thai Mortality Ordinary Table 2008 |

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.

22. Deferred tax liabilities

Deferred tax liabilities as at June 30, 2019 and December 31, 2018, were as follows:-

| (Unit : Thousand Baht) | | |
|--|----------------------|--------------------------|
| <u>Consolidated financial statements</u> | | |
| <u>As at</u> | | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| Deferred tax assets | - | - |
| Deferred tax liabilities | (63,240) | (67,060) |
| Net | (63,240) | (67,060) |

The movements of deferred tax liabilities for the six-month period ended June 30, 2019, were as follows:-

| (Unit : Thousand Baht) | | | |
|--|-------------------|------------------------------|-----------------|
| <u>Consolidated financial statements</u> | | | |
| | <u>As at</u> | <u>(Charged)/credited to</u> | <u>As at</u> |
| | <u>January 1,</u> | <u>profit or loss</u> | <u>June 30,</u> |
| | <u>2019</u> | <u>(Note 23)</u> | <u>2019</u> |
| Deferred tax liabilities | | | |
| Non-current assets held for sale | - | (35,132) | (35,132) |
| Property, plant and equipment | (67,060) | 38,952 | (28,108) |
| Total | (67,060) | 3,820 | (63,240) |

As at June 30, 2019 and December 31, 2018, the Group had deductible temporary differences and tax losses carried forward in consolidated financial statements totaling amount of Baht 3,390.69 million and amount of Baht 3,688.17 million respectively and separate financial statements totaling amount of Baht 3,425.48 million and amount of Baht 3,628.36 million respectively which have not been recognized as deferred tax assets in the statements of financial position. Because it is not probable that it will be able to utilize the tax benefit in the foreseeable future.

23. Income tax revenue

| (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> |
| Current income tax expenses | - | - | - | - |
| Deferred tax expense (Note 22) | | | | |
| Movements in temporary differences | (3,820) | (5,387) | - | - |
| Total | (3,820) | (5,387) | - | - |

24. Basic loss per share and diluted loss per share

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

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|---|-------------|--------------------------------------|-------------|
| | <u>For the six-month periods ended June 30,</u> | | | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Loss for the period (Unit : Thousand Baht) | (117,843) | (115,987) | (112,128) | (132,171) |
| The number of issued and paid-up ordinary shares | | | | |
| (Unit : Thousand shares) | 3,115,270 | 3,115,268 | 3,115,270 | 3,115,268 |
| Basic loss per share (Baht/share) | (0.038) | (0.037) | (0.036) | (0.042) |

25. Segment information

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

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

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

Business segments

For the six-month periods ended June 30, 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 six-month period ended June 30, 2019, the Group has revenues from 2 customers amount of Baht 133.04 million of the Group total revenues. (2018 : revenues from 3 customers amount of Baht 121.43 million.)

26. Obligations and contingent liabilities

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

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

(Unit: Million Baht)

Consolidated/Separate financial statements

As at

| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
|--|----------------------|--------------------------|----------------------|--------------------------|
| - Letter of guarantee has bank deposit | | | | |
| of the Group pledge for collateral | 1.65 | 2.90 | - | 1.25 |

26.2 Litigation

- (a) As at June 30, 2019 and December 31, 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 June 30, 2019 and December 31, 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.16. 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 June 30, 2019 and December 31, 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 June 30, 2019 and December 31, 2018 a lawsuit had been filed against Rich Asia Industry Company Limited (the subsidiary company) from the representative of debenture holders of the Company regarding breach of contract and enforce mortgage land and building which the subsidiary company has pledge as collateral for guarantee the repayment to the debenture holders 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 mentioned in the note to financial statements No. 19 and 28.1. 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.
- (e) As at June 30, 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.

26.3 Tax assessment

During the quarter 1/2018, 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, 2018 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 June 2018. However, the management believes that the outcome of the case will be favorable to the Company and therefore, the Company has not recorded provision for the tax assessments in the accounts.

27. Exchange rate risk

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

| <u>Currency</u> | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--------------------|--|--------------------------|--------------------------------------|--------------------------|
| | <u>As at</u> | | <u>As at</u> | |
| | <u>June 30, 2019</u> | <u>December 31, 2018</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
| <u>Assets</u> | | | | |
| Million US Dollar | 9.87 | 9.92 | 7.05 | 7.08 |
| <u>Liabilities</u> | | | | |
| Million US Dollar | 2.57 | 2.57 | 2.57 | 2.57 |

28. Event after the reporting period

28.1 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.

28.2 In according with minute of the Company's board of directors meeting No. 3/2019 dated on June 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%.

28.3 In according with minute of the Company's board of management directors meeting No. 3/2019 dated on June 9, 2019, has resolution approved to write-off 11 creditors whose expired the right of legal claims, totaling amount of Baht 49.05 million according to the legal advisor's opinion.

29. The correction of errors

As at December 31, 2018, the Group has corrected an error regarding recognition of investment in associated company with recognize by equity method in the consolidated financial statement due to the Group under recognized the difference between the cost of the investment and theirs share of the net fair value of the investee's identifiable assets and liabilities as at the date of such investment changed to associate company including share of gain or loss in depreciation on such assets. The Group correction of error by retrospective adjusted the consolidated financial statements since January 1, 2016, and has the effect to the consolidated statement of comprehensive income for the six-month period ended June 30, 2018 as follows:-

| | (Unit : Thousand Baht) | | |
|--|-----------------------------------|------------|---------------------|
| | Consolidated financial statements | | |
| | Before adjustment | Adjustment | After adjustment |
| Statement of comprehensive income | | | |
| for the six-month period ended June 30, 2018 | | | |
| Share of loss on investment in associate | (5,164) | (1,167) | (6,331) |

30. Approval of financial statements

These interim consolidated and separated financial statements were authorized for issue by the Company's board of director on December 3, 2019.
