



Auditor's Review Report and
Consolidated Interim Financial Statements of

N.D. Rubber Public Company Limited and subsidiaries

For the Three-Month Period Ended 31 March 2019



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE INTERIM FINANCIAL INFORMATION

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To the Board of Directors and the Shareholders of N.D. Rubber Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of N.D. Rubber Public Company Limited and subsidiaries as at 31 March 2019, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and condensed notes to the interim financial statements. Management 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 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 Thai Standards on Auditing 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 on the interim financial information.

Narin

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

I drawn attention to Note 5 to the financial statements that the Company has updated the fair values of the identifiable assets acquired and liabilities assumed and the acquisition date of subsidiary. As of the result, the consolidated financial statements for three-month period ended 31 March 2018, present as comparative in formation, has been restated, My conclusion is not qualified in respect of this matter.

**Mr. Narin Churamongkol**

Certified Public Accountant

Registration No. 8593

Grant Thornton Limited

Bangkok

10 May 2019

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		102,693,085	131,239,455	24,426,141	35,646,069
Temporary investments	7	609,144	6,554,569	609,144	6,554,569
Trade accounts receivable - general customers - net	8	90,213,742	124,417,132	44,505,380	59,026,474
- related parties	6, 8	633,140	554,905	26,454,643	33,226,410
Other accounts receivable - general customers		5,042,770	4,961,489	-	-
Amount due from subsidiary company	6	-	-	1,161,814	2,311,200
Inventories - net	9	137,984,152	137,680,790	57,459,210	52,230,900
Refundable value added tax		4,283,587	3,763,846	4,154,221	3,674,577
Refundable corporate income tax		5,860,016	5,216,566	-	721,983
Other current assets		4,608,172	6,293,745	4,428,994	4,478,519
Total Current Assets		351,927,808	420,682,497	163,199,547	197,870,701
NON-CURRENT ASSETS					
Investments in subsidiary companies	10	-	-	420,014,932	417,114,932
Property, plant and equipment - net	11	647,111,721	654,570,077	461,669,542	467,899,442
Intangible assets - net	12	145,225,645	147,007,839	1,646,165	1,896,428
Deferred tax assets		3,777,332	2,723,373	-	-
Total Non-Current Assets		796,114,698	804,301,289	883,330,639	886,910,802
TOTAL ASSETS		1,148,042,506	1,224,983,786	1,046,530,186	1,084,781,503

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdraft and short-term loans from banks	13	118,140,714	156,748,074	110,340,364	125,525,874
Trade accounts payable - general suppliers		63,237,706	74,996,798	58,410,276	69,722,207
- related parties	6	285,536	592,271	661,889	1,192,687
Other payable - related parties	6	2,461	-	60,048	59,090
Accounts payable for purchases of fixed assets		1,792,438	893,001	1,792,438	893,001
Payable for purchases of investments in subsidiaries	15	60,129,643	60,161,623	63,029,643	60,161,623
Current portion :					
- Liabilities under finance lease agreements		9,988,736	9,877,249	9,988,736	9,877,249
- Long-term loan	14	21,450,000	21,450,000	21,450,000	21,450,000
Accrued income tax		1,269,024	1,222,553	55,195	777,178
Accrued expenses		36,631,649	42,313,518	17,462,146	9,222,604
Other current liabilities		3,729,767	2,325,636	3,337,926	2,030,978
Total Current Liabilities		316,657,674	370,580,723	286,588,661	300,912,491
NON-CURRENT LIABILITIES					
Liabilities under finance lease agreements - net		16,265,437	18,804,908	16,265,437	18,804,908
Long-term loan - net	14	7,600,000	12,550,000	7,600,000	12,550,000
Employee benefits obligation		5,916,862	5,710,580	5,064,914	4,889,995
Deferred tax liabilities - net		53,707,124	53,010,885	9,852,152	9,759,585
Total Non-Current Liabilities		83,489,423	90,076,373	38,782,503	46,004,488
Total Liabilities		400,147,097	460,657,096	325,371,164	346,916,979

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)				
SHAREHOLDERS' EQUITY				
Share capital - ordinary share, Baht 1 par value				
Authorized - 387,470,188 shares	387,470,188	387,470,188	387,470,188	387,470,188
Issued and fully paid-up - 315,391,514 shares	315,391,514	315,391,514	315,391,514	315,391,514
Premium on share capital	325,711,286	325,711,286	325,711,286	325,711,286
Retained earnings				
- Appropriated for legal reserve	11,509,585	11,509,585	11,509,585	11,509,585
- Unappropriated	104,961,247	119,308,192	68,546,637	85,252,139
Other component of shareholders' equity	(10,875,905)	(10,015,888)	-	-
Total Equity of the Company's Shareholders	746,697,727	761,904,689	721,159,022	737,864,524
Non - controlling interests in subsidiaries	1,197,682	2,422,001	-	-
Total Shareholders' Equity	747,895,409	764,326,690	721,159,022	737,864,524
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,148,042,506	1,224,983,786	1,046,530,186	1,084,781,503

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2019	2018	2019	2018
			(Restated)		
Net sales	6, 17	194,285,355	206,124,528	140,256,437	161,467,801
Costs of sales	6, 17	(163,052,398)	(180,771,564)	(133,175,527)	(154,521,635)
Gross profit		31,232,957	25,352,964	7,080,910	6,946,166
Gain on exchange rate		535,025	118,286	535,025	64,625
Other income	6	2,102,970	1,259,260	1,356,558	1,622,711
Gain from a bargain purchase	5	-	33,644,905	-	-
Profit before expenses		33,870,952	60,375,415	8,972,493	8,633,502
Selling expenses		(11,259,907)	(9,180,007)	(4,440,672)	(2,842,928)
Administrative expenses	5, 6	(25,734,994)	(34,782,871)	(10,014,791)	(11,738,759)
Total expenses		(36,994,901)	(43,962,878)	(14,455,463)	(14,581,687)
Profit (loss) before financial costs and income tax		(3,123,949)	16,412,537	(5,482,970)	(5,948,185)
Financial costs	17	(1,888,934)	(1,994,749)	(1,668,251)	(1,418,960)
Profit (loss) before income tax		(5,012,883)	14,417,788	(7,151,221)	(7,367,145)
Income tax	5	(2,890)	(577,770)	(92,568)	(581,167)
Profit (loss) for the period	5	(5,015,773)	13,840,018	(7,243,789)	(7,948,312)
Other comprehensive income (loss) for the period					
Items that will be reclassified subsequently to profit or loss					
Exchange differences from foreign currency					
financial statements translation - net of income tax		(533,792)	1,442,700	-	-
Other comprehensive income (loss) for the period - net of income tax		(533,792)	1,442,700	-	-
Total comprehensive income (loss) for the period		(5,549,565)	15,282,718	(7,243,789)	(7,948,312)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		2019	2018	2019	2018
Note			(Restated)		
Profit (loss) for the period attributable to:					
	Shareholders of the Company	(4,885,230)	13,912,886	(7,243,789)	(7,948,312)
	Non-controlling interests	(130,543)	(72,868)	-	-
		<u>(5,015,773)</u>	<u>13,840,018</u>	<u>(7,243,789)</u>	<u>(7,948,312)</u>
Total comprehensive income (loss) for the period attributable to:					
	Shareholders of the Company	(5,419,022)	15,355,586	(7,243,789)	(7,948,312)
	Non-controlling interests	(130,543)	(72,868)	-	-
		<u>(5,549,565)</u>	<u>15,282,718</u>	<u>(7,243,789)</u>	<u>(7,948,312)</u>
Basic earnings (loss) per share					
	Profit (loss) (Baht per share)	5	(0.02)	0.06	(0.02)
	Weighted average number of ordinary shares (share)	<u>315,391,514</u>	<u>251,294,444</u>	<u>315,391,514</u>	<u>251,294,444</u>

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

(Unit : Baht)

	Equity attributable to the Company's shareholders							Total equity attributable to the Company's shareholders	Non-controlling Interests	Total	
	Notes	Retained earnings		Other components of shareholders' equity							
		Issued and paid-up share capital	Premium on share capital	Legal reserve	Unappropriated	Surplus on change in proportion of investment in subsidiary company	Exchange differences on translating financial statements				Total
Consolidated F/S											
Balance as at 1 January 2018		215,850,000	106,514,298	11,389,585	99,010,841	876,694	-	876,694	433,641,418	2,864,090	436,505,508
Increase in share capital		55,000,000	146,300,000	-	-	-	-	-	201,300,000	-	201,300,000
Dividend payment		-	-	-	(758,549)	-	-	-	(758,549)	-	(758,549)
Transactions with owners		55,000,000	146,300,000	-	(758,549)	-	-	-	200,541,451	-	200,541,451
Profit (loss) for the period - restated	5	-	-	-	13,912,886	-	-	-	13,912,886	(72,868)	13,840,018
Other comprehensive income for the period		-	-	-	-	1,442,700	1,442,700	1,442,700	1,442,700	-	1,442,700
Total comprehensive income (loss) for the period		-	-	-	13,912,886	1,442,700	1,442,700	1,442,700	15,355,586	(72,868)	15,282,718
Balance as at 31 March 2018		270,850,000	252,814,298	11,389,585	112,165,178	876,694	1,442,700	2,319,394	649,538,455	2,791,222	652,329,677
Balance as at 1 January 2019		315,391,514	325,711,286	11,509,585	119,308,192	876,694	(10,892,582)	(10,015,888)	761,904,689	2,422,001	764,326,690
Surplus on change in proportion of investment in subsidiary company		-	-	-	-	(326,225)	-	(326,225)	(326,225)	326,225	-
Decrease in non-controlling Interests during the period		-	-	-	-	-	-	-	-	(1,420,001)	(1,420,001)
Dividend payment	16	-	-	-	(9,461,715)	-	-	-	(9,461,715)	-	(9,461,715)
Transactions with owners		-	-	-	(9,461,715)	(326,225)	-	(326,225)	(9,787,940)	(1,083,776)	(10,881,716)
Loss for the period		-	-	-	(4,885,230)	-	-	-	(4,885,230)	(130,543)	(5,015,773)
Other comprehensive loss for the period		-	-	-	-	-	(533,792)	(533,792)	(533,792)	-	(533,792)
Total comprehensive loss for the period		-	-	-	(4,885,230)	-	(533,792)	(533,792)	(5,419,022)	(130,543)	(5,549,565)
Balance as at 31 March 2019		315,391,514	325,711,286	11,509,585	104,961,247	550,469	(11,426,374)	(10,875,905)	746,697,727	1,197,682	747,895,409

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH

(Unaudited but reviewed)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
				Legal reserve	Unappropriated	
(Unit : Baht)						
<u>Separate F/S</u>						
Balance as at 1 January 2018		215,850,000	106,514,298	11,389,585	91,193,038	424,946,921
Increase in share capital		55,000,000	146,300,000	-	-	201,300,000
Dividend payment		-	-	-	(758,549)	(758,549)
Transactions with shareholders		55,000,000	146,300,000	-	(758,549)	200,541,451
Loss for the period		-	-	-	(7,948,312)	(7,948,312)
Total comprehensive loss for the period		-	-	-	(7,948,312)	(7,948,312)
Balance as at 31 March 2018		270,850,000	252,814,298	11,389,585	82,486,177	617,540,060
Balance as at 1 January 2019		315,391,514	325,711,286	11,509,585	85,252,141	737,864,526
Dividend payment		-	-	-	(9,461,715)	(9,461,715)
Transactions with owners	16	-	-	-	(9,461,715)	(9,461,715)
Loss for the period		-	-	-	(7,243,789)	(7,243,789)
Total comprehensive loss for the period		-	-	-	(7,243,789)	(7,243,789)
Balance as at 31 March 2019		315,391,514	325,711,286	11,509,585	68,546,637	721,159,022

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

(Unaudited but reviewed)

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2019	2018 (Restated)	2019	2018
Cash Flows from Operating Activities				
Profit (loss) before income tax	(5,012,883)	14,417,788	(7,151,221)	(7,367,145)
Adjustments to reconcile profit (loss) before income tax to net cash provided from (used in) operating activities:				
Depreciation and amortization	11,830,936	11,172,788	8,732,820	8,623,831
Allowance (reversal of allowance) for doubtful accounts	(868,231)	213,354	524	(92,011)
Allowance (reversal of allowance) for obsolete and devaluation of inventories	22,897	(47,849)	708	133,483
Unrealized loss (gain) on exchange rate	(201,676)	(569,920)	(201,676)	399,680
Unrealized loss (gain) on changing in value of investment	(466)	6,301	(466)	6,301
Realized gain on disposal of temporary investments	(26,154)	(25,227)	(26,154)	(25,227)
Gain from a bargain purchase	-	(33,644,905)	-	-
Loss (gain) on disposal of fixed assets	(262,840)	2,242	-	-
Loss on write off assets	4,020	-	-	-
Loss on write off intangible assets	148,789	-	-	-
Employee benefits obligation expenses	159,170	113,080	134,578	97,715
Interest expense	1,888,934	1,994,749	1,668,251	1,418,960
Cash provided from (used in) operations before changes in operating assets and liabilities	7,682,496	(6,367,599)	3,157,364	3,195,587
Decrease (increase) in operating assets:				
Trade accounts receivable - general customers	35,240,851	28,554,462	14,520,570	31,807,955
- related parties	(78,235)	2,799	6,902,556	(17,910,843)
Other accounts receivable - general customers	(81,281)	-	-	-
Amount due from subsidiary company	-	-	1,149,386	741,227
Inventories	(323,567)	(4,123,782)	(5,229,018)	(8,387,281)
Refundable value added tax	(519,741)	(1,564,320)	(479,644)	(1,692,482)
Other current assets	1,718,754	2,188,864	82,695	(633,382)
Increase (decrease) in operating liabilities:				
Trade accounts payable - general suppliers	(11,749,078)	(11,347,494)	(11,301,916)	(9,732,813)
- related parties	(306,735)	(110,327)	(530,798)	(26,612)
Other payable - related parties	2,461	-	958	-
Accrued expenses	(15,143,584)	6,427,930	(1,222,173)	(394,128)
Other current liabilities	1,404,128	2,012,569	1,306,949	2,184,496
Cash provided from (used in) operations	17,846,469	15,673,102	8,356,929	(848,276)

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENT OF CASH FLOWS (CONTINUED)
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

(Unaudited but reviewed)

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2019	2018 (Restated)	2019	2018
Cash provided from (used in) operations (continued)	17,846,469	15,673,102	8,356,929	(848,276)
Interest paid	(1,841,823)	(1,908,217)	(1,627,910)	(1,390,741)
Income tax paid	(1,626,237)	(2,137,051)	(10,569)	(25,046)
Net cash provided from (used in) operating activities	14,378,409	11,627,834	6,718,450	(2,264,063)
Cash Flows from Investing Activities:				
Proceeds from disposal of temporary investments	26,522,044	51,000,000	26,522,044	51,000,000
Purchase of temporary investments	(20,550,000)	(49,000,000)	(20,550,000)	(49,000,000)
Purchase of investment in subsidiary	-	-	-	(42,558,752)
Proceeds from business combination	-	57,844,960	-	-
Purchase of fixed assets and computer software	(1,217,703)	(9,696,423)	(482,819)	(8,102,526)
Accounts payable for purchases of fixed assets	(893,001)	(2,695,305)	(893,001)	(2,695,305)
Proceeds from disposal of fixed assets	262,840	549	-	-
Net cash provided from (used in) investing activities	4,124,180	47,453,781	4,596,224	(51,356,583)
Cash Flows from Financing Activities				
Increase (decrease) in bank overdraft and short-term loans from banks	(38,377,510)	37,822,367	(15,156,618)	59,899,933
Repayment of long-term loan	(4,950,000)	(4,950,000)	(4,950,000)	(4,950,000)
Repayment of liabilities under finance lease agreements	(2,427,984)	(2,255,841)	(2,427,984)	(2,352,137)
Net cash provided from (used in) financing activities	(45,755,494)	30,616,526	(22,534,602)	52,597,796
Exchange differences from foreign currency financial statements translation	(1,293,465)	1,803,375	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,546,370)	91,501,516	(11,219,928)	(1,022,850)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	131,239,455	51,298,196	35,646,069	40,782,534
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	102,693,085	142,799,712	24,426,141	39,759,684
Supplemental disclosures for cash flows information				
Non-cash items				
Accounts payable for purchases of fixed assets	1,792,438	1,840,888	1,792,438	1,840,888
Payable for purchase of investment in subsidiary	-	161,220,113	2,900,000	161,220,113
Increase share capital for purchase of investment in subsidiary	-	-	-	201,300,000
Accrued dividend payable	9,461,715	758,549	9,461,715	758,549

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019 (Unaudited but reviewed)

1. NATURE OF OPERATIONS

N.D. Rubber Public Company Limited was incorporated as a public company in Thailand, and has been listed in the Market for Alternative Investment. The Company and subsidiaries are engaged in manufacturing and distributing motorcycle tyres and tubes, and distributing battery for automobile and motorcycle, including other related services, and manufacturing and distributing rubber and synthetic products for automobile and motorcycle, and researching, manufacturing and distributing of wireless electrical equipment and system and distributing footwear.

2. BASIS OF INTERIM FINANCIAL STATEMENT PREPARATION AND CONSOLIDATION

2.1 Basis for interim financial statements preparation

The interim financial statements are for the three-month period ended 31 March 2019 and have been prepared in accordance with Thai Accounting Standards No. 34 (revised 2018), "Interim Financial Reporting" which do not include all information required in annual financial statements in accordance with Thai Financial Reporting Standards. These should be read in conjunction with the financial statements for the year ended 31 December 2018.

The interim financial statements are officially prepared in Thai language, in Thai Baht. The translation of these statutory financial statements to other language must conform to the Thai financial report.

These interim financial statements have been approved by the Company's Board of Directors on 10 May 2019.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of N.D. Rubber Public Company Limited and subsidiaries which the Company can exercise control or holdings shares with voting right more than 50% as follow:

Subsidiary Companies	Percentage of holding (%)		Nature of business
	31 March 2019	31 December 2018	
<u>Direct</u>			
N.D. Interparts Co., Ltd.	91.77	91.77	Manufacturing and distributing rubber and synthetic products for automobile and motorcycle
Mascasey Trading Co., Ltd.	50.00	50.00	Distributing rubber products for motorcycle
N.D. Energy Fusion Co., Ltd.	98.33	50.00	Researching, manufacturing and distributing of wireless electrical equipment and system
FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD.	100.00	100.00	Distributioning of motorcycle tyres and tubes and other rubber related product
<u>Indirect</u>			
FKR MARKETING SND.BHD.	100.00	100.00	Distributing motorcycle tyres and tubes
GCB TRADING SDN.BHD.	100.00	100.00	Distributing footwear

Significant transactions with subsidiaries have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

The total assets of subsidiaries as at 31 March 2019 and 31 December 2018 and total revenues for the three-month periods ended 31 March 2019 and 2018, as included in the consolidated financial statements presented in term of percentages as follow:

Subsidiary company	Percentage of subsidiary's total assets to consolidated total assets		Percentage of subsidiary's total revenues to consolidated total revenues	
	31 March 2019	31 December 2018	For the three-month periods ended 31 March	
			2019	2018
N.D. Interparts Co., Ltd.	2.03	2.36	5.36	5.91
Mascasey Trading Co., Ltd.	0.59	0.77	1.75	2.43
N.D. Energy Fusion Co., Ltd.	0.34	0.44	-	-
FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD.	25.01	33.22	36.38	28.42

3. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared using the same accounting policies used in the preparation of the financial statements of the Company and its subsidiaries for the year ended 31 December 2018, except for the adoption of the new and revised Thai Financial Reporting Standards, interpretations and guidance effective for annual accounting periods beginning on or after 1 January 2019 as follows:

3.1 Thai Financial Reporting Standard No. 15 "Revenue from Contracts with Customers" (TFRS 15)

TFRS 15 is effective for annual accounting periods beginning on or after 1 January 2019, and presents new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 "Revenue", Thai Accounting Standard No.11 "Construction Contracts", and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

3.2 Other pronouncements

Other pronouncements effective from 1 January 2019 were principally to align with the corresponding International Financial Reporting Standards, with most of the changes relating to the revision of wording and terminology, the provision of interpretations and accounting guidance to the users of the standards.

The initial application of these new and revised Thai Financial Reporting Standards and other pronouncements have no material effect on these interim financial statements of the Company and subsidiaries.

New standards that have been issued by Thailand Federation of Accounting Professions which are effective from 1 January 2020 are as follows:

3.3 TFRS 16 "Leases"

This financial reporting standard replaces sets out the principles for the recognition, measurement, presentation and disclosure of leases. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and lease liability.

3.4 TFRS 9 "Financial instruments", TAS 32 "Financial instruments: Presentation", TFRS 7 "Financial instruments: Disclosure", TFRIC 16 "Hedges of a Net Investment in a Foreign Operation" and TFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".

The new TFRS establish new requirements relating to the definition, recognition, classification, measurement, impairment of financial assets and liabilities, as well as providing guidance on hedge accounting.

The Company and subsidiaries will adopt these new standards when they become effective, and management is in the process to assess the impact on the financial statements in the period of initial application.

4. ESTIMATES

When preparing the interim financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the annual financial statements for the year ended 31 December 2018.

5. RESTATEMENT OF FINANCIAL STATEMENTS

During the year 2018, the Company has proceeded of determining the fair value of the identifiable assets acquired and liabilities assumed and the fair value allocation at the business acquisition date on 2 February 2018 of subsidiary, FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. As a result, the Company update the fair value identifiable for the comparative information.

The consolidated statements of profit or loss and other comprehensive income and statement of cash flows for the period ended 31 March 2018, presented as comparative information, have been restated.

The retroactive adjustments affected the accounts in the consolidated financial statements of the Company as follows:

(Unit : Baht)

	Consolidated F/S		
	For the period ended 31 March 2018		
	Formerly presented	Adjustments	Restated
<u>Statement of profit or loss and other comprehensive income</u>			
Gain from a bargain purchase	-	33,644,905	33,644,905
Administrative expenses	(33,920,103)	(862,768)	(34,782,871)
Income tax	(784,834)	207,064	(577,770)
Profit (loss) for the period	(19,149,183)	32,989,201	13,840,018
Basic earning (loss) per share (Baht per share)	(0.08)	0.14	0.06
<u>Statement of cash flows</u>			
Profit (loss) before income tax	(18,364,349)	32,782,137	14,417,788
Depreciation and amortization	10,310,020	862,768	11,172,788
Gain from a bargain purchase	-	(33,644,905)	(33,644,905)

6. TRANSACTIONS WITH RELATED PARTIES

The Company has certain business transactions with its related companies which are related through common shareholding and/or management. Such transactions are made under the conditions and terms of general trade practice with prices approximate the market.

Transactions with related parties for the three-month periods ended 31 March 2019 and 2018 are as follows:

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		For the three-month periods ended 31 March			
Pricing Policy		2019	2018	2019	2018
Sales of goods					
- Subsidiary companies	Agreed price	-	-	4,984,073	42,369,247
- Indirect subsidiary company	Agreed price	-	-	48,450,240	-
- Related parties	Agreed price	883,194	867,757	883,194	867,757
Total		883,194	867,757	54,317,507	43,237,004
Purchase of raw materials					
- Subsidiary company	Agreed price	-	-	578,012	636,315
- Related parties	Agreed price	559,778	180,439	506,091	154,919
Total		559,778	180,439	1,084,103	791,234
Rental and other service income					
- Subsidiary companies	Agreed price	-	-	492,704	486,897
Rental expense					
- Director	Agreed price	27,000	27,000	27,000	27,000
<u>Key directors and management personnel compensation</u>					
		2,401,987	2,520,697	1,498,255	1,275,055
		22,848	15,499	20,324	13,899
Total		2,424,835	2,536,196	1,518,579	1,288,954

As at 31 March 2019 and 31 December 2018, the significant outstanding balances with related parties are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
<u>Trade accounts receivable – related parties</u>				
- Subsidiary companies	-	-	9,672,723	10,219,334
- Indirect subsidiary company	-	-	16,148,780	22,452,171
- Related parties	633,140	554,905	633,140	554,905
Total	633,140	554,905	26,454,643	33,226,410
<u>Amount due from subsidiary company</u>				
	-	-	1,161,814	2,311,200
<u>Trade accounts payable – related parties</u>				
- Subsidiary companies	-	-	433,797	607,371
- Related parties	285,536	592,271	228,092	585,316
Total	285,536	592,271	661,889	1,192,687
<u>Other payable – subsidiary companies</u>				
- Subsidiary companies	-	-	57,587	59,090
- Related parties	2,461	-	2,461	-
Total	2,461	-	60,048	59,090
<u>Key management</u>				
Employee benefits obligation	882,652	859,804	746,656	726,332

7. TEMPORARY INVESTMENTS

	(Unit : Baht)	
	Consolidated and Separate F/S	
	31 March 2019	31 December 2018
Temporary investments		
Mutual Fund	608,678	6,550,978
Unrealized gain on changing in value of investment	466	3,591
Total	609,144	6,554,569

During the three-month period ended 31 March 2019, movements of temporary investments are as follows:

	(Unit : Baht)
	Consolidated and Separate F/S
Fair value as at 1 January 2019	6,554,569
Purchases	20,550,000
Disposals	(26,495,891)
Fair value adjustment	466
Fair value as at 31 March 2019	609,144

8. TRADE ACCOUNTS RECEIVABLE – NET

As at 31 March 2019 and 31 December 2018, the aged of trade accounts receivable are as follows :

	Consolidated F/S		Separate F/S	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
<u>Trade accounts receivable – general customers</u>				
Not yet due	69,142,852	103,043,941	28,663,799	43,100,109
Over due :				
Less than 3 months	16,673,118	17,408,844	14,359,782	14,773,750
3 - 6 months	929,509	1,415,578	693,914	547,656
6 - 12 months	2,783,369	2,547,665	355,173	108,244
Over 12 months	3,450,124	3,644,080	1,147,029	1,210,508
Total	92,978,972	128,060,108	45,219,697	59,740,267
<u>Less</u> Allowance for doubtful accounts	(2,765,230)	(3,642,976)	(714,317)	(713,793)
Net	90,213,742	124,417,132	44,505,380	59,026,474
<u>Trade accounts receivable – related parties</u>				
Not yet due	367,804	254,576	20,120,382	22,783,544
Overdue:				
Less than 3 months	265,336	300,329	5,360,634	8,729,117
3 - 6 months	-	-	973,627	1,713,749
Total	633,140	554,905	26,454,643	33,226,410

During the three-month period ended 31 March 2019, the movements in allowance for doubtful accounts are as follows:

	(Unit : Baht)	
	Consolidated F/S	Separate F/S
Balance as at 1 January 2019	3,642,976	713,793
<u>Add</u> Allowance for doubtful accounts	524	524
<u>Less</u> Reversal of allowance for doubtful accounts	(868,755)	-
Exchange differences from financial statements translation	(9,515)	-
Balance as at 31 March 2019	<u>2,765,230</u>	<u>714,317</u>

9. INVENTORIES – NET

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Raw materials	16,261,342	15,886,569	15,917,204	15,665,985
Work in process	10,584,421	11,264,504	9,321,916	10,102,945
Finished goods	100,937,432	101,947,297	21,957,467	20,287,599
Supply inventories	3,101,377	3,122,168	2,661,173	2,695,769
Fuel	180,535	368,506	180,535	368,506
Packaging	3,394,015	3,566,889	3,287,197	3,496,968
Goods in transit	7,539,753	5,519,335	4,521,298	-
Total	<u>141,998,875</u>	<u>141,675,268</u>	<u>57,846,790</u>	<u>52,617,772</u>
<u>Less</u> Allowance for obsolete and devaluation of inventories	(4,014,723)	(3,994,478)	(387,580)	(386,872)
Inventories – net	<u>137,984,152</u>	<u>137,680,790</u>	<u>57,459,210</u>	<u>52,230,900</u>

During the three-month period ended 31 March 2019, the movements of allowances for obsolete and devaluation of inventories are as follows:

	Consolidated F/S	(Unit : Baht) Separate F/S
Balance as at 1 January 2019	3,994,478	386,872
<u>Add</u> Allowances for obsolete inventories	345,278	708
<u>Less</u> Reversal of allowances for obsolete inventories	(322,381)	-
Exchange differences from financial statements translation	(2,652)	-
Balance as at 31 March 2019	4,014,723	387,580

10. INVESTMENTS IN SUBSIDIARIES

(Unit : Thousand Baht)

	Type of business	Paid-up share capital				Separate F/S			
		31 March		31 December		Percentage of shareholding		Cost method	
		2019	2018	2019	2018	31 March	31 December	31 March	31 December
<u>Direct subsidiaries</u>									
N.D. Interparts Co., Ltd.	Manufacturing and distributing rubber and synthetic products for motorcycle and automobile	6,100	6,100	91.77	91.77	5,598	5,598	5,598	5,598
Mascasey Trading Co., Ltd.	Distributing rubber products for automobile	1,000	1,000	50.00	50.00	500	500	500	500
N.D. Energy Fusion Co., Ltd.	Research, manufacture and distribute of wireless electrical equipment and system	6,000	6,000	98.33	50.00	5,900	5,900	5,900	3,000
FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD.	Distributing rubber products for bicycle and motorcycle	161,028	161,028	100.00	100.00	408,017	408,017	408,017	408,017
Total investment in subsidiaries						420,015		417,115	

11. PROPERTY, PLANT AND EQUIPMENT – NET

During the three-month period ended 31 March 2019, the condensed movements in property, plant and equipment are as follows :

	(Unit : Baht)	
	<u>Consolidated F/S</u>	<u>Separate F/S</u>
Net book value as at 1 January 2019	654,570,077	467,899,442
Purchase of assets	3,010,141	2,275,257
Write off	(4,020)	-
Transfer to assets held for sale	(22,600)	(22,600)
Depreciation for the period	(10,322,220)	(8,482,557)
Exchange differences from financial statements translation	(119,657)	-
Net book value as at 31 March 2019	<u>647,111,721</u>	<u>461,669,542</u>

Land and construction are mortgaged as collaterals for credit facilities with a bank as mentioned in notes 13 and 14.

12. INTANGIBLE ASSETS – NET

During the three-month period ended 31 March 2019, the condensed movements in intangible assets are as follows:

	(Unit : Baht)	
	<u>Consolidated F/S</u>	<u>Separate F/S</u>
Net book value as at 1 January 2019	147,007,839	1,896,428
Disposal of intangible assets	(148,789)	-
<u>Less</u> Amortization for the period	(1,508,716)	(250,263)
Exchange differences from financial statements translation	(124,689)	-
Net book value as at 31 March 2019	<u>145,225,645</u>	<u>1,646,165</u>

13. BANK OVERDRAFT AND SHORT-TERM LOANS FROM BANKS

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Bank overdraft	-	4,927,544	-	4,927,543
Short-term loan	7,800,350	31,222,200	-	-
Promissory note	105,000,000	115,000,000	105,000,000	115,000,000
Liabilities under trust receipts	5,340,364	5,598,330	5,340,364	5,598,331
Total	118,140,714	156,748,074	110,340,364	125,525,874

As at 31 March 2019 and 31 December 2018, the Company has short-term loans credit facility comprise of bank overdraft, promissory note and liabilities under trust receipts bear interest rates at market rate and collateralized by the mortgages of the Company's land and construction as mentioned in Note 11 and personal guaranteed by certain Company's directors.

As at 31 March 2019 and 31 December 2018, the subsidiary company has bank overdraft credit facility with interest rates of collateral fixed deposit account plus 1% per annum. This bank overdraft is collateralized by the mortgages of the parent company's land and construction and personal guaranteed by certain subsidiary company's directors.

As at 31 March 2019, the overseas subsidiary company has short-term loans from bank bear interest rate at market rate and secured by pledge of freehold industrial land with office and factory of the subsidiary company, personal guarantee of a subsidiary company's director and guaranteed by the Company.

14. LONG-TERM LOAN

Long-term loan that the Company obtained from a local bank is as follow :

	Interest rate per annum	Principal repayment conditions	(Unit : Baht)	
			Consolidated and Separate F/S	
			31 March 2019	31 December 2018
Credit line of Baht 100 million	MLR – 3.00% p.a.	Monthly installment by Baht 1.65 million from August 2015 to June 2020, the remaining will final payment within July 2020.	29,050,000	34,000,000
<u>Less</u> Current portion			(21,450,000)	(21,450,000)
Long-term loan – net			<u>7,600,000</u>	<u>12,550,000</u>

Movements in the long – term loan for the three-month period ended 31 March 2019 is as follow:

	(Unit: Baht) Consolidated and Separate F/S
Balance as at 1 January 2019	34,000,000
<u>Less</u> Repayment	(4,950,000)
Balance as at 31 March 2019	<u>29,050,000</u>

Long-term loan is collateralized by the mortgages of the Company's land and construction as mentioned in Note 11.

Under the term of loan agreement, the Company requires to maintain loan covenants as specified in the agreement such as debt to equity and debt service coverage ratios, etc.

15. PAYABLE FOR PURCHASE OF INVESTMENTS IN SUBSIDIARY COMPANIES

Payable for purchase of investments in subsidiary companies as at 31 March 2019 are as follow:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Payable for purchase of investments in subsidiary companies	61,701,900	61,733,880	64,601,900	61,701,900
<u>Less</u> Deferred finance cost	(1,572,257)	(1,572,257)	(1,572,257)	(1,572,257)
Payable for purchase of investments in subsidiary companies – net	<u>60,129,643</u>	<u>60,161,623</u>	<u>63,029,643</u>	<u>60,129,643</u>

16. DIVIDEND PAYMENT

At the 2019 Annual General Meeting of shareholders held on 29 March 2019, the shareholders approve to pay dividend from the retained earnings for the year 2015, for 315.39 million shares at Baht 0.03 per share totalling Baht 9.46 million. This dividend will be paid on 26 April 2019.

17. SEGMENTAL FINANCIAL INFORMATION

The financial information classified by products, for the three-month period ended 31 March 2019 and 2018 are presented as follow :

Consolidated F/S

For the three-month period ended 31 March 2019

(Unit : Thousand Baht)

	Tires		Tubes		Battery		Rubber part		Shoe	Others	Eliminated	Total
	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas				
Sales	49,113	107,794	22,485	30,286	11,555	13,415	8,689	4,960		(54,012)		194,285
Cost of sales												(163,052)
Gross profit												31,233
Interest expenses												(1,889)
Depreciation and amortization												(11,831)
loss before income tax												(5,013)
Trade accounts receivable – general customers – net												90,214
Property plant and equipment – net												647,112
Other assets												410,717
Total assets												1,148,043
Total liabilities												400,147

(Unit : Thousand Baht)

Consolidated F/S

For the three-month period ended 31 March 2018

	Tires		Tubes		Battery		Rubber part		Shoe		Eliminated	Total
	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas		
Sales	47,264	121,270	29,410	21,347	10,305	15,083	7,558	3,117	(49,230)	206,124		
Cost of sales										(180,772)		
Gross profit										<u>25,353</u>		
Interest expenses										(1,995)		
Depreciation and amortization										(11,173)		
Profit before income tax										14,418		
Trade accounts receivable – general customers – net										113,104		
Property plant and equipment – net										666,998		
Other assets										415,489		
Total assets										<u>1,195,591</u>		
Total liabilities										<u>573,493</u>		

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

Major customer

The Company does not have any major customer for the three-month period ended 31 March 2019.

18. COMMITMENTS AND CONTINGENT LIABILITIES

18.1 As at 31 March 2019, the Company has commitments for construction factory building and machinery under installation of Baht 8.62 million.

18.2 The Company has entered into sales office, warehouse rental and other services. Under the terms of agreements, the Company is committed to pay as follows:

Years	Baht
Not later than 1 year	236,600
Over 1 year not later than 5 years	18,200
Total	254,800

18.3 The Company has commitment under letter of guarantees issued by bank of Baht 6.44 million for electricity usage and purchase of raw materials.

18.4 The Company has obligations under a domestic bank guarantees for performance bonds required in the normal course of businesses approximately of USD 10,000.

18.5 The Company and subsidiaries have credit facilities and contingent liabilities from financial institution as at 31 March 2019 as follows :

	(Unit : Baht)		
	Consolidated F/S		
	Credit line	Used	Balance
Credit facilities			
Bank overdraft	39,500,000	-	39,500,000
Short-term loan	220,304,725	112,800,350	107,504,375
Long-term loan	29,050,000	29,050,000	-
Forward agreements	63,900,175	-	63,900,175
Contingent liabilities			
Letter of guarantee	12,000,000	6,281,717	5,718,283
Letter of credit and trust receipts (occasionally)	113,401,050	9,234,858	104,166,192
Bill for collection	33,000,000	-	33,000,000
Hire-purchase	25,201,471	23,937,483	1,263,988

	(Unit : Baht)		
	Separate F/S		
	Credit line	Used	Balance
Credit facilities			
Bank overdraft	30,000,000	-	30,000,000
Short-term loan	115,000,000	105,000,000	10,000,000
Long-term loan	29,050,000	29,050,000	-
Forward agreements	60,000,000	-	60,000,000
Contingent liabilities			
Letter of guarantee	11,500,000	5,803,117	5,696,883
Letter of credit and trust receipts (occasionally)	90,000,000	9,234,858	80,765,142
Bill for collection	33,000,000	-	33,000,000
Hire-purchase	25,201,471	23,937,483	1,263,988

19. SUBSEQUENT EVENT

Subsequent to the period end, on 5 April 2019, the National Legislative Assembly published Labor Protection Act No.7 B.E. 2019 in the Government Gazette which entitles employees who have worked for a consecutive period of 20 years or more to receive 400 days based on their salary as at the date of retirement. The revised legislation will be effective from 5 May 2019, and will result in an increase in the employment benefit obligation of Baht 1.62 million in the consolidated financial statements and Baht 1.41 million in the separate financial statements, with a corresponding amount included in the profit and loss accounting in respect of the past service costs.

