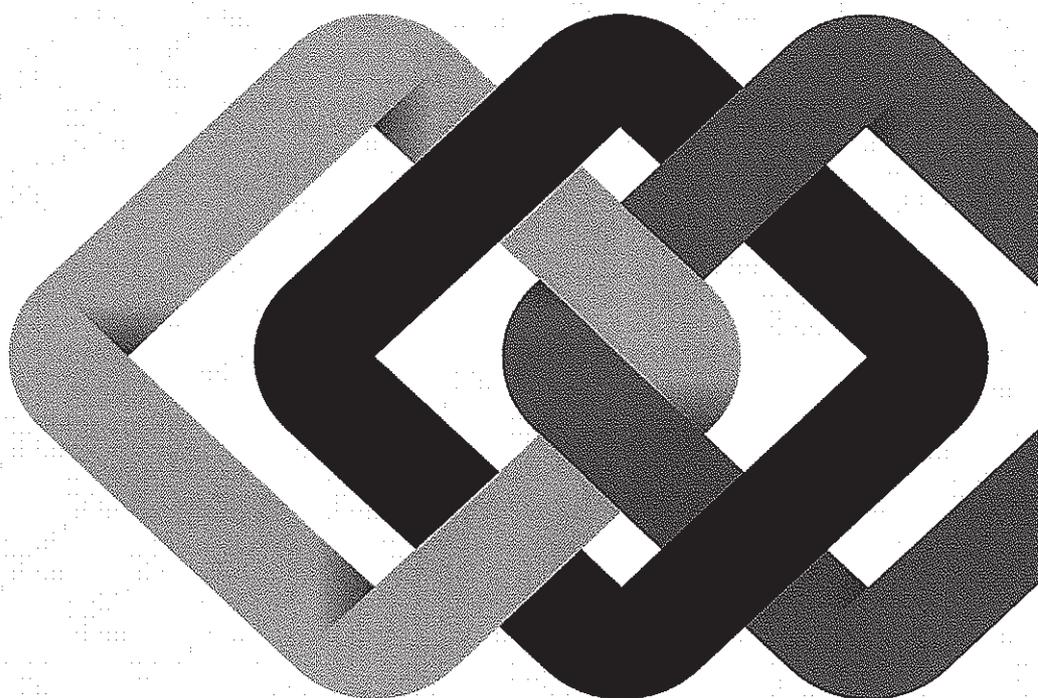




Independent Auditor's Report and Consolidated  
Financial Statements of

**N.D. Rubber Public Company Limited and its Subsidiaries**

For the Year Ended 31. December 2017



## INDEPENDENT AUDITOR'S REPORT

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### To the shareholders of N.D. Rubber Public Company Limited

#### *Opinion*

I have audited the consolidated financial statements of N.D. Rubber Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and I have also audited the separate financial statements of N.D. Rubber Public Company Limited ("the Company"), which comprise the separate statement of financial position as at 31 December 2017, the separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of N.D. Rubber Public Company Limited and its subsidiaries as at 31 December 2017, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2017, and its separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that is relevant to my audit of the consolidated and separate financial statements, and

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I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

*Key Audit Matters*

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

<b>Key audit matters</b>	<b>Audit response to key audit matters</b>
<p><i>Net realizable value of inventories</i></p> <p>As at 31 December 2017, the Group and the Company have ending inventories amounting to Baht 63.41 million and Baht 53.82 million, respectively.</p> <p>I focused on this area because the Group main products (motorcycle tires and tubes for motorcycle) and subsidiaries main products (automobile and motorcycle parts) are primarily made from rubber and synthetic, which the selling price of these products can be subjected to markets situation.</p> <p>Inventories are presented at the lower of cost or net realizable value. The estimation of allowance for decline in value of inventories involves the management judgements for considering the inventory turnover and deterioration of each category and the change in selling price which can be subjected to market situation.</p> <p>Refer to the note 9 to financial statements and significant accounting policies.</p>	<p>I made an inquiry the management to obtain understanding the measurement of the net realizable value of inventories. I evaluate whether the measurement is appropriate and comply with the Group's accounting policy.</p> <p>I tested aging of inventories and evaluate the reasonableness of assumption used to set allowance for decline in value of inventories by management. I considered the movement of inventory and recalculated the amount of allowance for decline in value of inventories by the Group accounting policy.</p> <p>I, on the test basis, examine the calculation of estimated net realizable value of inventories of the Group, by comparing the carrying cost of inventories against expected net realizable value. The net realizable value is calculated from the selling price in the customer's purchase order or the selling price subsequent date less the estimated costs necessary to make the sale.</p> <p>I also consider the adequacy of disclosures in the relation to inventories in the notes to financial statements.</p>

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*Other Information*

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

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

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

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

*Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

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

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

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

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*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

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

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

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- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



**Mr. Narin Churamongkol**  
Certified Public Accountant  
Registration No. 8593

Grant Thornton Limited  
Bangkok  
23 February 2018

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

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	51,298,196	55,673,741	40,782,534	55,578,708
Temporary investments	7	3,021,318	23,379,456	3,021,318	23,379,456
Trade accounts receivable - general customers - net	8	87,040,213	93,596,221	77,029,642	83,766,401
- related parties	6, 8	638,299	1,135,314	12,081,143	1,137,909
Amount due from subsidiary companies	6	-	-	1,059,708	295,320
Inventories - net	9	63,408,324	63,378,954	53,816,354	59,375,488
Refundable value added tax		1,852,337	6,867,971	1,542,792	6,867,971
Refundable corporate income tax		721,983	-	721,983	-
Prepaid expense		4,795,366	-	3,007,866	-
Other current assets		2,991,828	3,466,268	2,954,951	3,371,635
<b>Total Current Assets</b>		<b>215,767,864</b>	<b>247,497,925</b>	<b>196,018,291</b>	<b>233,772,888</b>
<b>NON-CURRENT ASSETS</b>					
Investments in					
- Subsidiary companies	10	-	-	9,097,800	5,597,800
- Associated company	11	-	438,292	-	500,000
Property, plant and equipment - net	13	484,337,429	494,390,741	472,976,143	487,863,589
Computer software - net	14	3,327,447	4,225,731	3,234,052	4,099,336
Deferred tax assets	19	119,432	129,869	-	-
<b>Total Non-Current Assets</b>		<b>487,784,308</b>	<b>499,184,633</b>	<b>485,307,995</b>	<b>498,060,725</b>
<b>TOTAL ASSETS</b>		<b>703,552,172</b>	<b>746,682,558</b>	<b>681,326,286</b>	<b>731,833,613</b>

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

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdraft and short-term loans from banks	15	56,207,632	71,930,418	54,031,633	69,765,192
Trade accounts payable - general suppliers		89,674,486	86,933,123	83,210,126	82,595,553
- related parties	6	110,327	86,768	576,593	611,291
Amount due to subsidiary company	6	-	-	51,578	52,079
Accounts payable for purchases of fixed assets		2,695,305	158,360	2,695,305	158,360
Current portion :					
- Liabilities under finance lease agreements	16	9,484,149	9,011,562	9,484,149	9,011,562
- Long-term loan	17	21,450,000	21,450,000	21,450,000	21,450,000
Accrued income tax		391,444	5,306,380	-	4,890,394
Accrued expenses		11,487,047	12,758,050	10,256,656	11,653,432
Other current liabilities		953,738	1,144,644	495,886	482,580
<b>Total Current Liabilities</b>		<b>192,454,128</b>	<b>208,779,305</b>	<b>182,251,926</b>	<b>200,670,443</b>
<b>NON-CURRENT LIABILITIES</b>					
Liabilities under finance lease agreements - net	16	28,596,717	38,126,142	28,596,717	38,126,142
Long-term loan - net	17	32,350,000	52,150,000	32,350,000	52,150,000
Employee benefits obligation	18	4,202,515	3,665,963	3,737,418	3,271,710
Deferred tax liabilities - net	19	9,443,304	7,892,153	9,443,304	7,892,153
<b>Total Non-Current Liabilities</b>		<b>74,592,536</b>	<b>101,834,258</b>	<b>74,127,439</b>	<b>101,440,005</b>
<b>Total Liabilities</b>		<b>267,046,664</b>	<b>310,613,563</b>	<b>256,379,365</b>	<b>302,110,448</b>

The accompanying notes form an integral part of these financial statements.

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

(Unit : Baht)

Notes	Consolidated F/S		Separate F/S	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)</b>				
<b>SHAREHOLDERS' EQUITY</b>				
	Share capital - ordinary share, Baht 1 par value			
	Authorized - 322,500,000 shares	322,500,000	322,500,000	322,500,000
	Issued and fully paid - up - 215,850,000 shares			
	(2016 : 215,000,000 shares)	215,850,000	215,000,000	215,000,000
21				
	Share premium	106,514,298	104,814,298	106,514,298
	Retained earnings			
	- Appropriated for legal reserve	11,389,585	10,708,461	11,389,585
22				
	- Unappropriated	99,010,841	103,681,570	91,193,038
	Other component of shareholders' equity	876,694	876,694	-
	<b>Total Equity of the Company's Shareholders</b>	<b>433,641,418</b>	<b>435,081,023</b>	<b>424,946,921</b>
	Non - controlling interests	2,864,090	987,972	-
12				
	<b>Total Shareholders' Equity</b>	<b>436,505,508</b>	<b>436,068,995</b>	<b>424,946,921</b>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>703,552,172</b>	<b>746,682,558</b>	<b>681,326,286</b>

N.D. RUBBER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER**

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2017	2016	2017	2016
Net sales	6, 27	820,915,225	844,317,272	759,091,612	791,190,830
Costs of sales	6, 25	(745,715,605)	(713,008,383)	(695,507,764)	(670,771,194)
<b>Gross profit</b>		<b>75,199,620</b>	<b>131,308,889</b>	<b>63,583,848</b>	<b>120,419,636</b>
Gain on exchange rate		4,800,663	5,086,147	4,800,584	5,086,147
Dividend income	6	-	-	-	2,210,144
Other income	6	4,166,560	6,061,832	6,009,747	8,009,661
<b>Profit before expenses</b>		<b>84,166,843</b>	<b>142,456,868</b>	<b>74,394,179</b>	<b>135,725,588</b>
Selling expenses	25	(12,622,631)	(18,289,988)	(11,500,199)	(17,686,258)
Administrative expenses	6, 25	(43,342,855)	(48,132,226)	(39,350,064)	(44,467,608)
<b>Total expenses</b>		<b>(55,965,486)</b>	<b>(66,422,214)</b>	<b>(50,850,263)</b>	<b>(62,153,866)</b>
<b>Profit from operations</b>		<b>28,201,357</b>	<b>76,034,654</b>	<b>23,543,916</b>	<b>73,571,722</b>
Equity in net loss of associated company	11	(230,732)	(61,708)	-	-
<b>Profit before finance costs and income tax</b>		<b>27,970,625</b>	<b>75,972,946</b>	<b>23,543,916</b>	<b>73,571,722</b>
Finance costs	27	(7,002,030)	(6,539,435)	(6,950,106)	(6,443,183)
<b>Profit before income tax</b>		<b>20,968,595</b>	<b>69,433,511</b>	<b>16,593,810</b>	<b>67,128,539</b>
Income tax	19	(3,954,739)	(13,073,304)	(3,065,151)	(12,277,549)
<b>Profit for the year</b>		<b>17,013,856</b>	<b>56,360,207</b>	<b>13,528,659</b>	<b>54,850,990</b>
Other comprehensive income (loss)		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>17,013,856</b>	<b>56,360,207</b>	<b>13,528,659</b>	<b>54,850,990</b>

The accompanying notes form an integral part of these financial statements.

N.D. RUBBER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUE)  
 FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2017	2016	2017	2016
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>					
Shareholders of the Company		16,865,298	56,049,025	13,528,659	54,850,990
Non-controlling interests	12	148,558	311,182	-	-
<b>Total</b>		<b>17,013,856</b>	<b>56,360,207</b>	<b>13,528,659</b>	<b>54,850,990</b>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR ATTRIBUTABLE TO:</b>					
Shareholders of the Company		16,865,298	56,049,025	13,528,659	54,850,990
Non-controlling interests	12	148,558	311,182	-	-
<b>Total</b>		<b>17,013,856</b>	<b>56,360,207</b>	<b>13,528,659</b>	<b>54,850,990</b>
<b>BASIC EARNINGS PER SHARE</b>					
Profit (Baht per share)	24	0.0783	0.2607	0.0628	0.2551
Weighted average number of ordinary shares (share)		215,465,753	215,000,000	215,465,753	215,000,000
<b>DILUTED EARNINGS PER SHARE</b>					
Profit (Baht per share)	24	0.0688	0.2598	0.0552	0.2542
Weighted average number of ordinary shares (share)		245,059,995	215,745,644	245,059,995	215,745,644

The accompanying notes form an integral part of these financial statements.

N.D. RUBBER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Equity attributable to shareholders of the Company										Total shareholders equity
	Notes	Issued and paid-up share capital	Share Premium		Retained earnings		Other components of equity		Non-controlling interests	Total	
			Legal reserve	Unappropriated	Surplus on change in proportion of investment in subsidiary company	Total					
<b>Consolidated FIS</b>											
Balance as at 1 January 2016		215,000,000	104,814,298	7,958,461	63,282,353	876,694	391,931,806	875,071	392,806,877		
Legal reserve	22	-	-	2,750,000	(2,750,000)	-	-	-	-		
Dividend payment	23	-	-	-	(12,899,808)	-	(12,899,808)	-	(12,899,808)		
Dividend payment of subsidiary company		-	-	-	-	-	-	(198,281)	(198,281)		
Transactions with shareholders		-	-	2,750,000	15,649,808	-	12,899,808	198,281	13,098,089		
Total comprehensive income for the year		-	-	-	56,049,025	-	40,757,155	222,965	40,980,120		
Balance as at 31 December 2016		215,000,000	104,814,298	10,708,461	103,681,570	876,694	435,081,023	987,972	436,068,995		
Balance as at 1 January 2017		215,000,000	104,814,298	10,708,461	103,681,570	876,694	435,081,023	987,972	436,068,995		
Increase in share capital	21	850,000	1,700,000	-	-	-	2,550,000	-	2,550,000		
Proceeds from paid-up share capital of subsidiary		-	-	-	-	-	-	1,520,000	1,520,000		
Legal reserve	22	-	-	681,124	(681,124)	-	-	-	-		
Difference from change in classification of investment	2	-	-	-	-	-	-	207,560	207,560		
Dividend payment	23	-	-	-	(20,854,903)	-	(20,854,903)	-	(20,854,903)		
Transactions with shareholders		850,000	1,700,000	681,124	(21,536,027)	-	(18,304,903)	1,727,560	(16,577,343)		
Total comprehensive income for the year		-	-	-	16,865,298	-	16,865,298	148,558	17,013,856		
Balance as at 31 December 2017		215,850,000	106,514,298	11,389,585	99,010,841	876,694	433,641,418	2,864,090	436,505,508		

The accompanying notes form an integral part of these financial statements.

**N.D. RUBBER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER**

(Unit : Baht)

	Notes	Issued and paid-up share capital	Share premium	Retained earnings		Total
				Legal reserve	Unappropriated	
<u>Separate F/S</u>						
Balance as at 1 January 2016		215,000,000	104,814,298	7,958,461	59,999,224	387,771,983
Legal reserve	22	-	-	2,750,000	(2,750,000)	-
Dividend payment	23	-	-	-	(12,899,808)	(12,899,808)
Transactions with shareholders		-	-	2,750,000	(15,649,808)	(12,899,808)
Total comprehensive income for the year		-	-	-	54,850,990	54,850,990
Balance as at 31 December 2016		215,000,000	104,814,298	10,708,461	99,200,406	429,723,165
<u>Balance as at 1 January 2017</u>						
Balance as at 1 January 2017		215,000,000	104,814,298	10,708,461	99,200,406	429,723,165
Increase in share capital	21	850,000	1,700,000	-	-	2,550,000
Legal reserve	22	-	-	681,124	(681,124)	-
Dividend payment	23	-	-	-	(20,854,903)	(20,854,903)
Transactions with shareholders		850,000	1,700,000	681,124	(21,536,027)	(18,304,903)
Total comprehensive income for the year		-	-	-	13,528,659	13,528,659
Balance as at 31 December 2017		215,850,000	106,514,298	11,389,585	91,193,038	424,946,921

The accompanying notes form an integral part of these financial statements.

N.D. RUBBER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	20,968,595	69,433,511	16,593,810	67,128,539
<b>Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:</b>				
Depreciation and amortization	36,654,599	34,479,109	34,344,453	31,536,312
Unrealized gain on temporary investments	(2,214)	(24,260)	(2,214)	(24,260)
Realized gain on temporary investments	(289,806)	(313,376)	(289,806)	(313,376)
Allowance (reversal of allowance) for doubtful accounts	(198,636)	789,678	(198,636)	789,678
Allowance (reversal of allowance) for obsolete and devaluation value of inventories	310,396	(64,371)	209,846	(62,445)
Unrealized gain on exchange rate	(482,387)	(442,870)	(482,387)	(442,870)
Equity in net loss of associate company	230,732	61,708	-	-
Gain on disposal of assets	(198,642)	(429,990)	(233,901)	(425,899)
Written off assets	-	889,677	-	887,843
Dividend income	-	-	-	(2,210,144)
Employee benefits obligation expenses	425,952	400,331	367,725	345,246
Interest income	(32,716)	(66,666)	(22,425)	(66,666)
Interest expenses	7,002,030	6,539,435	6,950,106	6,443,183
<b>Cash provided from operations before changes in operating assets and liabilities</b>	<b>64,387,903</b>	<b>111,251,916</b>	<b>57,236,571</b>	<b>103,585,141</b>
<b>Decrease (increase) in operating assets:</b>				
Trade accounts receivable - general customers	9,879,579	(11,707,033)	7,155,785	(11,317,348)
- related parties	497,015	45,294	(10,943,234)	45,166
Amount due from subsidiary company	-	-	(764,890)	650,560
Inventories	5,057,041	2,768,411	5,349,288	3,231,602
Refundable value added tax	5,015,634	(2,324,934)	5,325,180	(2,324,934)
Prepaid expense	(4,795,366)	-	(3,007,866)	-
Other current assets	1,462,655	1,502,681	1,011,794	1,431,083
<b>Increase (decrease) in Operating Liabilities:</b>				
Trade accounts payable - general suppliers	2,754,851	(19,217,171)	628,065	(19,018,311)
- related parties	(14,313,113)	(23,502)	(34,698)	(166,408)
Amount due to subsidiary company	-	-	-	(10,900)
Accounts payable for purchases of fixed assets	(158,360)	(1,971,543)	(158,360)	(1,971,543)
Accrued expenses	(1,317,537)	5,455,881	(1,404,911)	4,936,362
Other current liabilities	(219,040)	(651,999)	13,306	(1,047,717)
<b>Cash provided from operations</b>	<b>68,251,262</b>	<b>85,128,001</b>	<b>60,406,030</b>	<b>78,022,753</b>

The accompanying notes form an integral part of these financial statements.

N.D. RUBBER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENTS OF CASH FLOWS (CONTINUE)  
 FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
<b>Cash provided from operations (continued)</b>	68,251,262	85,128,001	60,406,030	78,022,753
Interest received	32,716	66,666	22,425	66,666
Payments for interest	(6,891,430)	(6,806,300)	(6,852,123)	(6,720,568)
Payments for income tax	(8,030,069)	(6,897,732)	(7,126,378)	(6,208,710)
<b>Net cash provided from operating activities</b>	<b>53,362,479</b>	<b>71,490,635</b>	<b>46,449,954</b>	<b>65,160,141</b>
<b>Cash Flows from Investing Activities:</b>				
Proceeds from temporary investments	255,090,158	263,800,000	255,090,158	263,800,000
Purchase of temporary investments	(234,440,000)	(283,970,000)	(234,440,000)	(283,970,000)
Decrease in restricted deposits with bank	-	5,350,000	-	5,350,000
Increase in investment in associated company	-	(500,000)	-	(500,000)
Increase in investment in subsidiary	-	-	(3,000,000)	-
Cash received from consolidation of subsidiary	6,057,446	-	-	-
Proceeds from disposal of fixed assets	386,916	659,029	2,726,168	654,929
Purchase of fixed assets and computer software	(23,724,660)	(30,645,867)	(18,983,798)	(29,498,604)
Dividend received	-	-	-	2,210,144
<b>Net cash provided from (used in) investing activities</b>	<b>3,369,860</b>	<b>(45,306,838)</b>	<b>1,392,528</b>	<b>(41,953,531)</b>
<b>Cash Flows from Financing Activities</b>				
Increase (decrease) in bank overdraft and short-term loans from banks	(15,474,278)	14,217,457	(15,485,050)	16,908,156
Proceeds from paid - up share capital of subsidiary	1,520,000	-	-	-
Repayment of liabilities under finance lease agreements	(9,056,837)	(3,663,158)	(9,056,837)	(3,663,158)
Repayment of long-term loan	(19,800,000)	(19,800,000)	(19,800,000)	(19,800,000)
Dividend payment	(20,846,769)	(13,108,501)	(20,846,769)	(12,910,221)
Proceeds from paid - up of share increment	2,550,000	-	2,550,000	-
<b>Net cash used in financing activities</b>	<b>(61,107,884)</b>	<b>(22,354,202)</b>	<b>(62,638,656)</b>	<b>(19,465,223)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,375,545)</b>	<b>3,829,595</b>	<b>(14,796,174)</b>	<b>3,741,387</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>55,673,741</b>	<b>51,844,146</b>	<b>55,578,708</b>	<b>51,837,321</b>
<b>CASH AND CASH EQUIVALENTS AT ENDING OF YEAR</b>	<b>51,298,196</b>	<b>55,673,741</b>	<b>40,782,534</b>	<b>55,578,708</b>
<b>Supplemental disclosures for cash flows information</b>				
Accounts payable for purchase of assets	2,695,305	-	2,695,305	-
Purchase assets under finance lease agreements	-	50,570,500	-	50,570,500

The accompanying notes form an integral part of these financial statements.

**N.D. RUBBER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

1. GENERAL INFORMATION

The Company was incorporated under the Thai Civil and Commercial Code as a limited company on 24 May 1990 in the name of N.D. Rubber Company Limited. The Company changed its status to a public company and registered the change of its name to "N.D. Rubber Public Company Limited" on 15 May 2014. The Company is engaged in manufacturing and distributing motorcycle tires, tubes, and distribute battery for motorcycle and automobile, and other providing related services. The registered office address of the Company is 129 Moo 3, Nongsak-Phanasnikom Road, Nongeiroon Sub-district, Banbueng, Chonburi. The major shareholders of the Company are "Samrittivanicha" Family at 66% shareholding.

2. BASIS OF FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

2.1 Statement of compliance

The accompanying financial statements have been officially prepared in accordance with the Accounting Act B.E. 2543 and Thai Financial Reporting Standards ("TFRS") issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to another language must be in compliance with the official report in Thai.

The Federation of Accounting Professions has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Company's accounting policies. These changes have no material effect on the financial statements.

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Company does not plan to adopt these TFRS early. The Company has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

## 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Non-derivative financial instruments at fair value through profit or loss	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 18

### *Measurement of fair values*

A number of the Group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

## 2.3 Basis of consolidation

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

Subsidiary Company	Percentage of holding (%)		Nature of business
	2017	2016	
N.D. Interparts Co., Ltd.	91.77	91.77	Manufacturing and distributing rubber and synthetic products for motorcycle and automobile
Mascasey Trading Co., Ltd.	50.00	50.00	Distributing rubber products for automobile
N.D. Energy Fusion Co., Ltd.	50.00	-	Research, manufacture and distribute of wireless electrical equipment and system

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.

At the Board of Directors Meeting No. 4/2017 held on 10 November 2017, the Board of Directors has considered its control over Mascasey Trading Co., Ltd. due to change in management which cause N.D. Rubber Public Company Limited to hold significant influence and control over business operations. Therefore, the Company considered to hold control as define in accordance with TFRS 10, Consolidated Financial Statements and account for such investment as investment in subsidiary. The Company will prepared consolidated financial statements including Mascasey Trading Co., Ltd. from 10 November 2017.

Net book value of assets and liabilities which does not have significant different with fair value of Mascasey Trading Co., Ltd. as at 10 November 2017 are summarised below :

	Baht
<b>Assets</b>	
Cash and cash equivalents	6,057,446
Trade accounts receivable	2,904,546
Inventories	5,396,806
Other current assets	393,106
Property, plant and equipment – net	66,422
<b>Liabilities</b>	
Trade accounts payable	14,336,672
Accrued expenses	38,400
Other current liabilities	28,134
<b>Total net book value</b>	<b>415,120</b>
Percentage of shareholding by the Company	50.00%
Percentage of shareholding by non–controlling interests	50.00%
Difference from change in classification of investment	
- The Company	207,560
- Non–controlling interests	207,560

#### *Subsidiary*

Subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

The Company and subsidiaries recognized revenues from sales of goods when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Interest income is recognized on an accrual basis on a time proportion that reflects the effective yield on the asset. Other income is recognized on an accrual basis.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

#### Temporary investment

Temporary investment hold as trading securities is stated at fair value. Gain or loss on revaluation of securities is recognized in profit or loss.

#### Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are presented at the net realizable value. The Company and subsidiaries record allowances for doubtful accounts from accounts receivable which might be uncollectible. Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of year.

#### Inventories

Inventories are presented at the lower of cost or net realizable value. Cost is calculated by the following methods:

Finished goods, work in process and raw materials	- At cost (FIFO method)
Other supplies	- At cost (moving average method)

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion (for work in process) and selling expenses. Provision is made, where necessary, for slow moving and defective inventories based on the Company and its subsidiaries' experiences and the current information.

#### Investments in subsidiaries

Investments in subsidiaries in the separate financial statements is accounted for by cost method. The Company recognises gain or loss on disposal in the statement of profit or loss in the year which sales of investment occurred. In case of impairment on investment, the Company will recognise loss on impairment of investment as expense in the statement of profit or loss. The Company recognised dividend income when the subsidiary declares the payment of its dividends.

#### Investment in associated company

Investment in associated company in consolidated financial statements accounted for by the equity method, and investment in associated company in the separate financial statements accounted for by the cost method.

The Company makes an adjustment to devalue this investment when there is an indication of impairment.

#### Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated company and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing the Company's operations.

#### Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset that bring the assets to the location and condition necessary for its intended use. Plant and equipment are presented at cost less accumulated depreciation. When assets are sold or retired, their costs and accumulated depreciation are disposed from the accounts and any gain/loss resulting from their disposals is included in the statement of profit or loss.

Depreciation is computed by straight - line method over assets estimate useful lives as follows :

	<u>Years</u>
Buildings and improvements	10 - 30
Machinery and equipment	5 - 25
Factory equipment	2 - 20
Furniture, fixture and office equipment	3 - 15
Vehicles	7 - 10

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognised as an expense when incurred.

#### Computer software

Computer software is presented at cost less accumulated amortization. Amortization is calculated by reference to cost on a straight-line method over the estimated period of 5 years.

#### Foreign currency transactions

Transactions in foreign currencies are recorded in Baht based on the rates prevailing at the transaction dates. Outstanding balances of assets and liabilities, denominated in foreign currencies at the date of statement of financial position, are translated into Baht at the exchange rates at that date. Translation gains or losses are credited or charged to operations for the year.

#### Employee benefits

##### *Short-term employment benefits*

Salaries, wages, bonuses and contribution to the social security are recognised as expenses when incurred.

##### *Post-employment benefits (Defined contribution plan)*

The Company and its subsidiaries with its employees have jointly established a provident fund plan whereby monthly contributions are made by employees and by the Company and subsidiaries. The fund's assets are held in a separate trust fund from the Company's and subsidiaries assets. The Company's and its subsidiaries contribution to the fund are recognized as expenses when incurred.

##### *Post-employment benefits (Defined benefit plan)*

The Company and its subsidiaries have obligation in respect of the severance payment to employees upon retirement under the labour law. The Company and subsidiaries set up the obligation under the defined benefits plan based on actuarial techniques, using the discount method on each projected unit.

The defined benefits liability comprises the present value of the defined benefit obligation and actuarial gains (losses).

Actuarial gains or losses arising from post-employment benefits are recognized immediately in other comprehensive income.

#### Impairment of assets

The Company and subsidiaries assess whether there is an indication that any assets may be impaired. If any such indication exists, the Company and subsidiaries make an estimate of the asset recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. An asset recoverable amount is the higher of fair value less costs to sell or value in use.

#### Long - term leases - where Company and subsidiaries are the lessee

Leases of equipment where the Company and subsidiaries assume substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair value of leases of assets or estimated present value of the underlying lease payments whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Future lease payments net of financial charges are recognized as liabilities under finance lease agreements. The financial expense is charged to statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss on a straight - line method over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the year in which termination takes place.

#### Income tax

Income tax expense for the year comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

#### *Current income tax*

Current income tax is the expected tax payable or claimable, under the income tax prevailing, on the taxable profit or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years.

#### *Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they are intended to be settled on a net basis or when income tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### Share premium

The Company recorded cash received in excess of the par value of the shares issued as share premium in the statement of financial position, share premium are deducted from any transaction costs associated with the issuing of shares and related income tax benefits.

#### Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

#### Basic earnings per share

Basic earnings per share is determined by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

#### Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year by the number of ordinary shares and the number of equivalent ordinary shares (warrant) by weighting based on the period of time as if there were conversion of ordinary shares at the issued date of issuance of equivalent ordinary shares.

#### Segment reporting

Segment results that are reported to the executive committee (chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### Provisions for liabilities and expenses and contingent assets

Provisions for liabilities and expenses are recognized in the financial statements when the Company and its subsidiaries have a present legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent assets will be recognized as separate assets only when the realization is virtually certain.

#### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT

The preparation of the financial statements in accordance with the Thai Financial Reporting Standards requires management to make estimates and assumption that affect the reporting amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities. The actual result may differ from those estimates.

4.1 Critical accounting estimates, assumption and judgments are as follow :

4.1.1 Impairment of receivables

The Company and subsidiaries set an allowances for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on uncertainty in the collection as considered by the management.

4.1.2 Impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in their fair value. The determination of what is "significant" or "prolonged" requires management judgment.

4.1.3 Allowances for slow - moving and defective inventories

The Company and subsidiaries estimate allowances for slow - moving and defective inventories to reflect impairment of inventories. The allowances are based on the consideration of inventory turnovers and deterioration of each category.

4.1.4 Plant, equipment and computer software

Management regularly determines the estimated useful lives and residual values for the Company's and subsidiaries plant, equipment and computer software, and will revise the depreciation where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or when they are no longer in used.

4.1.5 Impairment of assets

The Company and subsidiaries treat asset as impaired when there has been a significant or prolonged decline in the fair value. The determination of what is "significant" or "prolonged" requires management judgment.

4.1.6 Post-employment benefits (defined benefit plans)

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. Actual post-retirement costs may ultimately differ from these estimates.

#### 4.1.7 Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's and subsidiaries future taxable profit against which the deductible temporary differences can be utilised. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

#### 5. CASH AND CASH EQUIVALENTS

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Cash	139,690	128,702	100,000	100,000
Cash at banks				
- Current account	12,022,761	19,762,902	5,417,553	19,696,571
- Saving account	39,135,745	35,782,137	35,264,981	35,782,137
Total	<u>51,298,196</u>	<u>55,673,741</u>	<u>40,782,534</u>	<u>55,578,708</u>

The currency denomination of cash and cash equivalents as at 31 December 2017 and 2016 are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
THB	47,985,505	40,622,910	37,469,843	40,527,877
USD	3,312,691	15,050,831	3,312,691	15,050,831
Total	<u>51,298,196</u>	<u>55,673,741</u>	<u>40,782,534</u>	<u>55,578,708</u>

#### 6. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties that are related to it through common shareholding and/or directorship. Thus, the financial statements reflect the effects of those transactions on the basis agreed upon between the Company and its related parties, which basis might be different from the basis used for transactions with unrelated parties.

Relationship with related parties were as follows:

Name	Relationship
N.D. Interparts Co., Ltd.	Subsidiary
Mascasey Trading Co., Ltd.	Subsidiary
N.D. Energy Fusion Co., Ltd.	Subsidiary
T.Thai Charoen Service Co., Ltd.	Co-director
T.Thai Chareon Rubber Co., Ltd.	Co-director
S.M.K. Industry Co., Ltd.	Co-director
Thai Saengareon Services Co., Ltd.	Co-director
Thai Chareon Service Tyre Co., Ltd.	Co-director
Siam Plastwood Co.,Ltd	Co-director
White House Plastic Limited Partnership	Family member of director

Transactions with related parties for the years ended 31 December 2017 and 2016 are as follows:

Transaction with related parties	Pricing Policy	(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
		2017	2016	2017	2016
<b>Sales of goods</b>					
- Subsidiary companies	Agreed price	-	-	2,107,028	58,900
- Related companies	Agreed price	26,688,824	10,747,560	26,688,124	10,747,560
<b>Total</b>		<b>26,688,824</b>	<b>10,747,560</b>	<b>28,795,152</b>	<b>10,806,460</b>
<b>Purchase of raw materials</b>					
- Subsidiary company	Agreed price	-	-	3,373,980	3,404,055
- Related companies	Agreed price	496,666	455,572	359,064	316,955
<b>Total</b>		<b>496,666</b>	<b>455,572</b>	<b>3,733,044</b>	<b>3,721,010</b>
<b>Rental income</b>					
- Subsidiary companies	Agreed price	-	-	1,666,000	1,656,000
- Related company	Agreed price	102,150	-	102,150	-
<b>Total</b>		<b>102,150</b>	<b>-</b>	<b>1,768,150</b>	<b>1,656,000</b>
<b>Service income</b>					
- Subsidiary companies	Agreed price	16,000	-	16,000	-
- Related company	Agreed price	168,673	-	168,673	-
<b>Total</b>		<b>184,673</b>	<b>-</b>	<b>184,673</b>	<b>-</b>

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
Transaction with related parties	Pricing Policy	2017	2016	2017	2016
<u>Service expense</u>					
- Subsidiary company	Agreed price	-	-	338,832	348,816
<u>Sales of asset</u>					
- Subsidiary company	Agreed price	-	-	2,340,935	-
<u>Dividend income</u>					
- Subsidiary company	At shareholder meeting resolution	-	-	-	2,210,144
<u>Rental expense</u>					
- Director	Agreed price	108,000	108,000	108,000	108,000
<u>Key directors and management compensation</u>					
Short - term benefits of directors and management		6,640,768	6,531,194	5,420,439	5,748,294
Post - employment benefit		61,996	61,996	55,596	55,596
<b>Total</b>		<b>6,702,764</b>	<b>6,593,190</b>	<b>5,476,035</b>	<b>5,803,890</b>

As at 31 December 2017 and 2016, the outstanding balances with related parties are as follows :

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		2017	2016	2017	2016
<u>Trade accounts receivable</u>					
- Subsidiary companies		-	-	11,443,593	2,595
- Related companies		638,299	1,135,314	637,550	1,135,314
<b>Total</b>		<b>638,299</b>	<b>1,135,314</b>	<b>12,081,143</b>	<b>1,137,909</b>
<u>Amount due from subsidiary companies</u>					
- Subsidiary companies		-	-	1,059,708	295,320
<u>Trade accounts payable</u>					
- Subsidiary company		-	-	495,945	552,120
- Related companies		110,327	86,768	80,648	59,171
<b>Total</b>		<b>110,327</b>	<b>86,768</b>	<b>576,593</b>	<b>611,291</b>

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
<u>Amount due to subsidiary company</u>				
- Subsidiary company	-	-	51,578	52,079
<u>Key management</u>				
Employee benefits obligation	363,444	301,448	331,574	275,978

#### 7. TEMPORARY INVESTMENTS – NET

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2017	2016
Temporary investments		
Mutual Fund	3,019,104	23,355,196
Unrealized gain from changing in value of investment	2,214	24,260
Total	3,021,318	23,379,456

During the years 2017 and 2016, movements of temporary investments are as follows :

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2017	2016
Fair value as at 1 January	23,379,456	2,871,820
Purchases	234,440,000	283,970,000
Disposals	(255,090,158)	(263,800,000)
Gain on disposal of temporary investments	289,806	313,376
Fair value adjustment - unrealized gain on temporary investments	2,214	24,260
Fair value as at 31 December	3,021,318	23,379,456

## 8. TRADE ACCOUNTS RECEIVABLE – NET

As at 31 December 2017 and 2016, the aged of trade accounts receivable are as follows :

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
<u>Trade accounts receivable – general customers</u>				
Not yet due	69,752,964	78,538,220	60,286,996	68,804,579
Over due :				
Less than 3 months	15,989,214	13,186,733	15,592,089	13,090,554
3 - 6 months	437,140	417,015	289,662	417,015
6 - 12 months	75,073	1,210,824	75,073	1,210,824
Over 12 months	1,547,057	1,203,300	1,547,057	1,203,300
Total	<u>87,801,448</u>	<u>94,556,092</u>	<u>77,790,877</u>	<u>84,726,272</u>
<u>Less</u> Allowance for doubtful accounts	(761,235)	(959,871)	(761,235)	(959,871)
Net	<u>87,040,213</u>	<u>93,596,221</u>	<u>77,029,642</u>	<u>83,766,401</u>
<u>Trade accounts receivable – related parties</u>				
Not yet due	348,249	910,314	3,298,624	910,314
Over due :				
Less than 3 months	290,050	225,000	8,762,238	227,595
3 – 6 months	-	-	20,281	-
Net	<u>638,299</u>	<u>1,135,314</u>	<u>12,081,143</u>	<u>1,137,909</u>

During the years ended 31 December 2017 and 2016, the movements in allowance for doubtful accounts as follow :

	(Unit : Baht)	
	Consolidated F/S and Separate F/S	
	2017	2016
Balance as at 1 January	959,871	170,193
<u>Add</u> Allowance for doubtful accounts	-	799,678
<u>Less</u> Reversal of allowance for doubtful accounts	(198,636)	(10,000)
Balance as at 31 December	<u>761,235</u>	<u>959,871</u>

9. INVENTORIES - NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Raw materials	18,600,429	21,149,517	18,156,931	20,949,346
Work in process	11,626,184	12,833,875	9,526,867	11,575,348
Finished goods	23,262,802	23,404,800	16,098,145	20,878,930
Supply inventories	3,049,190	2,953,208	2,697,263	2,567,431
Fuel	423,318	211,698	423,318	211,698
Packaging	3,087,618	3,198,627	3,087,618	3,198,627
Goods in transit	4,041,950	-	4,041,950	-
<b>Total</b>	<b>64,091,491</b>	<b>63,751,725</b>	<b>54,032,092</b>	<b>59,381,380</b>
<u>Less</u> Allowance for obsolete and declining values of inventories	(683,167)	(372,771)	(215,738)	(5,892)
<b>Inventories – net</b>	<b>63,408,324</b>	<b>63,378,954</b>	<b>53,816,354</b>	<b>59,375,488</b>

During the years ended 31 December 2017 and 2016, inventories recognized as an expense in cost of sales as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Cost of sales	745,405,209	713,072,754	695,297,918	670,833,639
Write-down to net realizable value	327,464	97,380	226,914	46,926
Reversal of write-down	(17,068)	(161,751)	(17,068)	(109,371)
<b>Net</b>	<b>745,715,605</b>	<b>713,008,383</b>	<b>695,507,764</b>	<b>670,771,194</b>

During the years, the movements of allowances for obsolete and declining value of inventories are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Beginning balance	372,771	437,142	5,892	68,337
Increase	327,464	97,380	226,914	46,926
Decrease	(17,068)	(161,751)	(17,068)	(109,371)
<b>Ending balance</b>	<b>683,167</b>	<b>372,771</b>	<b>215,738</b>	<b>5,892</b>

## 10. INVESTMENTS IN SUBSIDIARIES

		(Unit : Thousand Baht)					
Companies	Type of business	Paid-up Share capital		Percentage of Shareholding		Separate F/S (Cost method)	
		2017	2016	2017	2016	2017	2016
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
Mascasey Trading Co., Ltd.	Distributing rubber products for automobile	1,000	-	50.00	-	500	-
N.D. Energy Fusion Co., Ltd.	Research, manufacture and distribute of wireless electrical equipment and system	6,000	-	50.00	-	3,000	-
Total						<u>9,098</u>	<u>5,598</u>

As mentioned in note 2, during the year 2017, the Company has change in management and hold significant influence and control over business operations of Mascasey Trading Co., Ltd. Therefore, the Company considered that Mascasey Trading Co., Ltd is subsidiary and including the financial statements of Mascasey Trading Co., Ltd to prepared consolidated financial statements from 10 November 2017.

At the Board of Directors Meeting No. 3/2017 held on 10 August 2017, the Board of Directors passed the resolution to jointly establish a company "N.D. Energy Fusion Co., Ltd." with other four business partners, with registered share capital of Baht 6,000,000 (600,000 shares at par value of Baht 10 each), for research, manufacture and distribute of wireless electric equipment and system. Under shareholders agreement, the Company will hold 50% shareholding in said company (300,000 ordinary shares, at Baht 10 par value, totalling Baht 3,000,000). Such company registered with the Department of Business Development on 3 November 2017. The Company considered that it has exposure to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over entity, and concluded that the Company has control over the said company for determining in the finance and operating policy. The Company therefore, considered that N.D. Energy Fusion Co., Ltd is subsidiary company.

## 11. INVESTMENT IN ASSOCIATED COMPANY

		(Unit : Thousand Baht)							
Company	Type of business	Paid-up Share capital		Percentage of Shareholding		Separate F/S (Cost method)		Consolidated F/S (Equity method)	
		2017	2016	2017	2016	2017	2016	2017	2016
Mascasey Trading Co., Ltd.	Distributing rubber products for automobile	-	1,000	-	50.00	-	500	-	438

On 1 December 2016, the Company has entered into a shareholders' agreement with two investors to jointly established "Mascasey Trading Co., Ltd" with registered share capital of Baht 1,000,000 (10,000 shares at par value of Baht 100 each), and the Company held at 50.00% of total shares. The Company considered the facts based on the voting right and other mutual agreements in accordance with the shareholder agreement, and concluded that the Company has significant influence for participating in the financial and operating policy decisions but not control of such policies. The Company therefore, considered that Mascasey Trading Co., Ltd. is associated company and account for by equity method in consolidated financial statements.

Movements in investment in associated company for the year ended 31 December 2017 are as follows

	(Unit: Thousand Baht)	
	Consolidated F/S (equity method)	Separated F/S (cost method)
Balance as at 1 January 2017	438	500
<u>Less</u> Equity in net loss of associated company	(231)	-
Change in classification of investment	(207)	(500)
Balance as at 31 December 2017	-	-

## 12. NON-CONTROLLING INTERESTS

Subsidiaries with material non-controlling interests is as follow :

Name	Proportion of ownership interests and voting rights held by the NCI		(Unit: Thousand Baht)			
			Total comprehensive income allocated to NCI		Accumulated NCI	
	2017	2016	2017	2016	2017	2016
N.D. Interpart Co., Ltd.	8.23%	8.23%	340	311	1,328	988
Mascasey Trading Co., Ltd.	50.00%	-	(117)	-	91	-
N.D. Energy Fusion Co.,Ltd.	50.00%	-	(75)	-	1,445	-
Total			148	311	2,864	988

Subsidiary was paid dividend to the non-controlling interest during the year 2016 of Baht 198,281.

Summary of financial information of subsidiary companies before eliminating are as follow:

	(Unit : Thousand Baht)			
	N.D. Interpart Co., Ltd.	Mascasey Trading Co., Ltd.	N.D. Energy Fusion Co., Ltd.	N.D. Interpart Co., Ltd.
	For the year ended 31 December 2017	For the period from 10 November 2017 to 31 December 2017	For the period from 3 November 2017 to 31 December 2017	For the year ended 31 December 2016
Total revenue	64,172	2,818	-	56,589
Profit (loss) for the year attributable to Company's shareholder	3,794	(177)	(75)	3,470
Profit (loss) for the year attributable to non -- controlling interest	340	(177)	(75)	311
Profit (loss) for the year	4,134	(234)	(150)	3,781
Current assets	16,620	11,742	5,919	14,547
Non-current assets	11,545	64	-	6,863
Current liabilities	(11,560)	(11,652)	(68)	(9,011)
Non-current liabilities	(465)	-	-	(394)
Net assets	16,140	181	5,851	12,005
Attributable to non-controlling interests	1,328	91	2,925	988
Less Share subscription receivable of non-controlling interests	-	-	(1,480)	-
Attributable to non-controlling interests - net	1,328	91	1,445	988
Net cash provided from (used in) operations activities	11,062	(2,261)	(1,889)	6,330
Net cash provided from (used in) investing activities	(7,080)	-	4,520	(1,143)
Net cash provided from (used in) financing activities	11	-	-	(5,099)
Net cash flow increase (decrease)	3,993	(2,261)	2,631	88

### 13. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Baht)

	Consolidated F/S							
	Land and improvement	Building and construction	Machinery and factory tools	Factory equipment	Furniture and office Equipment	Vehicle	Asset in transit and in progress	Total
<b>Cost</b>								
1 January 2016	33,305,828	285,904,453	352,374,817	41,410,282	10,172,559	21,441,534	6,619,926	751,229,399
Acquisitions	-	829,747	60,889,565	5,734,637	316,627	7,004,800	6,179,882	80,955,258
Disposals	-	-	(1,582,856)	(1,955,394)	(410,188)	(3,994,221)	(882,213)	(8,824,872)
Transfer in / (out)	-	1,477,570	8,137,325	(361,935)	(571,247)	-	(9,964,096)	(1,282,383)
31 December 2016	33,305,828	288,211,770	419,818,851	44,827,590	9,507,751	24,452,113	1,953,499	822,077,402
Acquisitions	-	1,607,850	9,953,022	3,632,222	310,839	940,187	9,490,887	25,935,007
Disposals	-	-	(330,000)	-	-	(619,855)	-	(949,855)
Increase from consolidation	-	-	-	-	77,100	-	-	77,100
Transfer in / (out)	-	392,500	582,000	(1,169,228)	(30,748)	-	(1,428,500)	(1,653,976)
31 December 2017	33,305,828	290,212,120	430,023,873	47,290,584	9,864,942	24,772,445	10,015,886	845,485,678
<b>Accumulated depreciation</b>								
1 January 2016	-	84,295,727	178,339,222	23,703,621	4,698,198	12,184,392	-	303,221,160
Depreciation for the year	-	10,826,622	16,192,226	3,689,501	869,908	1,581,541	-	33,159,798
Accumulated depreciation for Disposals	-	-	(1,367,229)	(1,954,055)	(400,792)	(3,984,080)	-	(7,706,156)
Transfer in / (out)	-	-	(288,659)	(249,197)	(450,285)	-	-	(988,141)
31 December 2016	-	95,122,349	192,875,560	25,189,870	4,717,029	9,781,853	-	327,686,661
Depreciation for the year	-	10,921,687	17,520,552	4,085,849	830,472	1,912,797	-	35,271,357
Accumulated depreciation for Disposals	-	-	(280,012)	-	-	(481,569)	-	(761,581)
Increase from consolidation	-	-	-	-	10,678	-	-	10,678
Transfer in / (out)	-	-	(239,199)	(791,049)	(28,618)	-	-	(1,058,866)
31 December 2017	-	106,044,036	209,876,901	28,484,670	5,529,561	11,213,081	-	361,148,249
<b>Net book value</b>								
31 December 2016	33,305,828	193,089,421	226,943,291	19,637,720	4,790,722	14,670,260	1,953,499	494,390,741
31 December 2017	33,305,828	184,168,084	220,146,972	18,805,914	4,335,381	13,559,364	10,015,886	484,337,429
<b>Depreciation for the year 2016</b>								
Cost of sales								30,004,930
Administrative expense								3,154,868
Total								33,159,798
<b>Depreciation for the year 2017</b>								
Cost of sales								31,872,577
Administrative expenses								3,398,780
Total								35,271,357

(Unit : Baht)

	Separate F/S							
	Land and Improvement	Building and construction	Machinery and factory tools	Factory equipment	Furniture and office Equipment	Vehicle	Asset in transit and in progress	Total
<b>Cost</b>								
1 January 2016	33,305,828	283,986,096	331,446,344	33,839,802	9,376,355	20,507,883	6,619,927	719,082,235
Acquisitions	-	829,747	60,207,324	5,292,417	308,127	6,990,500	6,179,882	79,807,997
Disposals	-	-	(330,500)	(300)	(22,660)	(3,994,221)	(882,213)	(5,229,894)
Transfer in / (out)	-	1,477,570	8,137,326	(361,935)	(571,248)	-	(9,964,096)	(1,282,383)
31 December 2016	33,305,828	286,293,413	399,460,494	38,769,984	9,090,574	23,504,162	1,953,500	792,377,955
Acquisitions	-	1,607,850	6,108,019	2,749,967	297,233	940,187	9,490,886	21,194,142
Disposals	-	-	(2,759,906)	-	-	(619,855)	-	(3,379,761)
Transfer in / (out)	-	392,500	582,000	(1,169,229)	(30,747)	-	(1,428,500)	(1,653,976)
31 December 2017	33,305,828	288,293,763	403,390,607	40,350,722	9,357,060	23,824,494	10,015,886	808,538,360
<b>Accumulated depreciation</b>								
1 January 2016	-	83,315,365	162,490,162	17,781,862	4,636,815	11,141,321	-	279,365,525
Depreciation for the year	-	10,730,104	14,126,604	3,127,252	818,608	1,447,433	-	30,250,001
Accumulated depreciation for								
Disposals	-	-	(115,654)	-	(13,287)	(3,984,080)	-	(4,113,021)
Transfer in / (out)	-	-	(288,659)	(249,196)	(450,284)	-	-	(988,139)
31 December 2016	-	94,045,469	176,212,453	20,659,918	4,991,852	8,604,674	-	304,514,366
Depreciation for the year	-	10,825,727	16,177,315	3,403,303	807,886	1,779,980	-	32,994,211
Accumulated depreciation for								
Disposals	-	-	(405,925)	-	-	(481,569)	-	(887,494)
Transfer in / (out)	-	-	(239,199)	(791,049)	(28,618)	-	-	(1,058,866)
31 December 2017	-	104,871,196	191,744,644	23,272,172	5,771,120	9,903,085	-	335,562,217
<b>Net book value</b>								
31 December 2016	33,305,828	192,247,944	223,248,041	18,110,066	4,098,722	14,899,488	1,953,500	487,863,589
31 December 2017	33,305,828	183,422,567	211,645,963	17,078,550	3,585,940	13,921,409	10,015,886	472,976,143
<b>Depreciation for the year 2016</b>								
Cost of sales								27,280,540
Administrative expense								2,969,461
Total								30,250,001
<b>Depreciation for the year 2017</b>								
Cost of sales								29,750,834
Administrative expenses								3,243,377
Total								32,994,211

As at 31 December 2017 and 2016, the costs of fully depreciated assets which are still remained in use amounted to Baht 106.19 million and Baht 98.25 million, respectively.

As at 31 December 2017 and 2016 the Company's machinery and vehicles with total net book value of Baht 46.82 million and Bath 49.86 million, respectively, were acquired under finance lease agreements.

Land and buildings are mortgaged as collaterals for credit facilities with a bank as mentioned in Notes 15 and 17.

14. COMPUTER SOFTWARE – NET

	(Unit : Baht)		
	Consolidated F/S		
	Computer software	Computer Software during installation	Total
<b><u>Cost</u></b>			
1 January 2016	6,807,524	330,001	7,137,525
Acquisitions	419,470	-	419,470
Transfer in / (out)	330,001	(330,001)	-
31 December 2016	7,556,995	-	7,556,995
Acquisitions	484,958	-	484,958
31 December 2017	8,041,953	-	8,041,953
<b><u>Accumulated amortization</u></b>			
1 January 2016	2,011,953	-	2,011,953
Amortization for the year	1,319,311	-	1,319,311
31 December 2016	3,331,264	-	3,331,264
Amortization for the year	1,383,242	-	1,383,242
31 December 2017	4,714,506	-	4,714,506
<b><u>Net book value</u></b>			
31 December 2016	4,225,731	-	4,225,731
31 December 2017	3,327,447	-	3,327,447
<b>Amortization for the year 2016</b>			
Administrative expenses			1,319,311
<b>Amortization for the year 2017</b>			
Administrative expenses			1,383,242

(Unit : Baht)

	Separated F/S		
	Computer software	Computer Software during installation	Total
<b><u>Cost</u></b>			
1 January 2016	6,642,524	330,001	6,972,525
Acquisitions	419,470	-	419,470
Transfer in / (out)	330,001	(330,001)	-
31 December 2016	7,391,995	-	7,391,995
Acquisitions	484,958	-	484,958
31 December 2017	7,876,953	-	7,876,953
<b><u>Accumulated amortization</u></b>			
1 January 2016	2,006,348	-	2,006,348
Amortization for the year	1,286,311	-	1,286,311
31 December 2016	3,292,659	-	3,292,659
Amortization for the year	1,350,242	-	1,350,242
31 December 2017	4,642,901	-	4,642,901
<b><u>Net book value</u></b>			
31 December 2016	4,099,336	-	4,099,336
31 December 2017	3,234,052	-	3,234,052
<b>Amortization for the year 2016</b>			
Administrative expenses			1,286,311
<b>Amortization for the year 2017</b>			
Administrative expenses			1,350,242

15. BANK OVERDRAFT AND SHORT TERM LOANS FROM BANK

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Bank overdraft	2,175,999	2,165,238	-	12
Promissory note	45,000,000	46,000,000	45,000,000	46,000,000
Liabilities under trust receipts	9,031,633	23,765,180	9,031,633	23,765,180
<b>Total</b>	<b>56,207,632</b>	<b>71,930,418</b>	<b>54,031,633</b>	<b>69,765,192</b>

As at 31 December 2017 and 2016, the Company has short-term loans bear interest rates at 3.85% per annum and 3.80% per annum, respectively, are collateralized by the mortgages of the Company's land and construction as mentioned in Note 13 and personal guaranteed by certain Company's directors.

As at 31 December 2017 and 2016, the Company and subsidiary has bank overdraft credit facility with interest rates of MOR minus 1.5% per annum and interest rates of collateral fixed deposit plus 1% per annum, respectively. This bank overdraft is collateralized by the mortgages of the Company's land and construction and personal guaranteed by certain subsidiary company's directors.

16. LIABILITIES UNDER FINANCE LEASE AGREEMENTS - NET

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2017	2016
Liabilities under finance lease agreements		
Due within one year	10,945,400	10,846,234
Due later than one year but not over five years	30,416,970	41,461,537
<b>Total</b>	<b>41,632,370</b>	<b>52,307,771</b>
<u>Less</u> Deferred interest	(3,281,504)	(5,170,067)
	38,080,866	47,137,704
<u>Less</u> Current portion	(9,484,149)	(9,011,562)
<b>Liabilities under finance lease agreements – net</b>	<b>28,596,717</b>	<b>38,126,142</b>

## 17. 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	
			2017	2016
Credit line of Baht 100 million	Years 1 - 5 : MLR – 3.00% p.a.	Monthly instalments by Baht 1.65 million from August 2015 to June 2020, the remaining will final payment within July 2020.	53,800,000	73,600,000
<u>Less</u> Current portion			(21,450,000)	(21,450,000)
Long - term loan - net			<u>32,350,000</u>	<u>52,150,000</u>

Movements in the long - term loan for the years ended 31 December 2017 and 2016 are as follow :

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2017	2016
Balance as at 1 January	73,600,000	93,400,000
<u>Less</u> Repayment	(19,800,000)	(19,800,000)
Balance as at 31 December	<u>53,800,000</u>	<u>73,600,000</u>

Long – term loan is collateralized by the mortgages of the Company's land and construction as mentioned in Note 13.

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. As at 31 December 2017, the Company is able to maintain debt to equity and debt service coverage ratios in compliance with the loan agreement.

18. EMPLOYEE BENEFITS OBLIGATION

Movements in employee benefits obligation for the years ended 31 December 2017 and 2016 are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Defined benefit obligation at 1 January	3,665,963	3,170,883	3,271,710	2,842,234
Current service cost	425,952	400,331	367,725	345,246
Interest expense	110,600	94,749	97,983	84,230
Defined benefit obligation at 31 December	<u>4,202,515</u>	<u>3,665,963</u>	<u>3,737,418</u>	<u>3,271,710</u>

Principal actuarial assumptions at the reporting date for the years ended 31 December 2017 and 2016 are as follows :

	(Unit : Percent)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Discount rates	3.2% p.a.	3.2% p.a.	3.2% p.a.	3.2% p.a.
Salary growth rate	3% p.a.	3% p.a.	3% p.a.	3% p.a.
Number of employees	685 Persons	681 Persons	604 Persons	608 Persons

The present value of the defined benefit obligation was measured using the projected unit credit method.

Weighted average duration of the defined benefit obligations is 20 years.

### Defined benefit plan expenses

Amounts recognised in profit or loss related to the Company's and subsidiary's defined benefit plans are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Current service cost	425,952	400,331	367,725	345,246
Net interest expense	110,600	94,749	97,983	84,230
Total expenses recognized in profit or loss	536,552	495,080	465,708	429,476

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as at 31 December 2017 by the amounts shown below.

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
<b>Defined benefit obligation</b>				
Discount rate				
Increment (decrement) of employee Benefit	(478,933)	569,933	(415,116)	493,826
Future salary growth				
Increment (decrement) of employee Benefit	565,166	(484,099)	489,702	(419,592)

## 19. DEFERRED TAX

### 19.1 Income tax

Income tax recognized for the years ended 31 December 2017 and 2016 are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Current income tax	2,393,151	11,516,839	1,514,000	10,665,564
Deferred tax	1,561,588	1,556,465	1,551,151	1,611,985
<b>Total</b>	<b>3,954,739</b>	<b>13,073,304</b>	<b>3,065,151</b>	<b>12,277,549</b>

Reconciliation of income tax are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Accounting profit before tax	20,968,595	69,433,511	16,593,810	67,128,539
Applicable tax rate (%)	20	20	20	20
Tax multiplied by applicable tax rate	4,193,719	13,886,702	3,318,762	13,425,708
Effects :				
Non-deductible expenses	374,480	612,674	357,970	674,897
Exemption of income and additional expenses	(736,295)	(161,441)	(611,581)	(558,425)
Profit from exemption in promoted business	-	(1,264,631)	-	(1,264,631)
Loss carried forward	122,835	-	-	-
<b>Income tax</b>	<b>3,954,739</b>	<b>13,073,304</b>	<b>3,065,151</b>	<b>12,277,549</b>

## 19.2 Deferred tax

Deferred tax assets and liabilities are as follows:

(Unit : Baht)

	Consolidated F/S			31 December 2017
	Recognised in			
	1 January 2017	Profit or loss	Other comprehensive income	
<b>Deferred tax assets :</b>				
From allowance for doubtful accounts	191,975	(39,727)	-	152,248
From allowance for obsolete and declining value of inventories	74,554	62,079	-	136,633
From employee benefits obligation	733,193	107,310	-	840,503
<b>Deferred tax liabilities :</b>				
From forward contract	(208,149)	208,149	-	-
From differences from depreciation	(8,553,857)	(1,899,399)	-	(10,453,256)
	<u>(7,762,284)</u>	<u>(1,561,588)</u>	<u>-</u>	<u>(9,323,872)</u>

(Unit : Baht)

	Consolidated F/S			31 December 2016
	Recognised in			
	1 January 2016	Profit or loss	Other comprehensive income	
<b>Deferred tax assets :</b>				
From allowance for doubtful accounts	94,729	97,246	-	191,975
From allowance for obsolete and declining value of inventories	13,667	60,887	-	74,554
From employee benefits obligation	582,106	151,087	-	733,193
<b>Deferred tax liabilities :</b>				
From forward contract	141,799	(349,948)	-	(208,149)
From differences from depreciation	(7,038,120)	(1,515,737)	-	(8,553,857)
	<u>(6,205,819)</u>	<u>(1,556,465)</u>	<u>-</u>	<u>(7,762,284)</u>

(Unit : Baht)

	Separate F/S			31 December 2017
	Recognised in		Other comprehensive income	
	1 January 2017	Profit or loss		
<b>Deferred tax assets :</b>				
From allowance for doubtful accounts	191,975	(39,727)	-	152,248
From allowance for obsolete and declining value of inventories	1,178	41,969	-	43,147
From employee benefits obligation	654,342	93,142	-	747,484
<b>Deferred tax liabilities :</b>				
From forward contract	(208,149)	208,149	-	-
From differences from depreciation	(8,531,499)	(1,854,684)	-	(10,386,183)
	<u>(7,892,153)</u>	<u>(1,551,151)</u>	<u>-</u>	<u>(9,443,304)</u>

(Unit : Baht)

	Separate F/S			31 December 2016
	Recognised in		Other comprehensive income	
	1 January 2016	Profit or loss		
<b>Deferred tax assets :</b>				
From allowance for doubtful accounts	34,039	157,936	-	191,975
From allowance for obsolete and declining value of inventories	13,667	(12,489)	-	1,178
From employee benefits obligation	568,447	85,895	-	654,342
<b>Deferred tax liabilities :</b>				
From forward contract	141,799	(349,948)	-	(208,149)
From differences from depreciation	(7,038,120)	(1,493,379)	-	(8,531,499)
	<u>(6,280,168)</u>	<u>(1,611,985)</u>	<u>-</u>	<u>(7,892,153)</u>

As at 31 December 2017 and 2016, a subsidiary has deferred tax assets amount of Baht 119,432 and Baht 129,869, respectively. The group therefore presented this amount as non-current assets in consolidated financial statements.

## 20. PROMOTION PRIVILEGES

The Company has obtained privileges from the board of investment under the Promotion of Investment Act B.E. 2520, as follows:

Certificate No.	Date	Promoted activity types	Commencing date of revenues generated	Expire date
59-0712-1-014-1-0	25 April 2016	manufacturing vehicle tires	1 October 2016	30 September 2019

The privileges include the following:

- Exemption from import duty on approved imported machinery.
- Exemption from corporate income tax on profits from the promoted activities not exceeding Baht 27,750,000 for a period of three years, commencing the date that income was first derived.
- Exemption from income tax on dividends paid to the shareholders from the profit of the promoted operations during the period in which the corporate income tax is exempted.

As a promoted company, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

Under the announcement of the board of investment no. Por 14/1998, dated 30 December 1998, regarding revenue reporting of a promoted industry, the Company is required to report its revenues in the financial statements separately for promoted and the non – promoted businesses for the years ended 31 December 2017 and 2016 as follows:

	(Unit : Baht)		
	Consolidated F/S		
	For the years ended 31 December		
	Promoted business	Non - promoted business	Total
<b>2017</b>			
Revenue from sales	670,430,339	150,484,886	820,915,225
<b>2016</b>			
Revenue from sales	172,890,761	671,426,511	844,317,272

(Unit : Baht)

	Separate F/S		
	For the years ended 31 December		
	Promoted business	Non - promoted business	Total
<b>2017</b>			
Revenue from sales	670,430,339	88,661,273	759,091,612
<b>2016</b>			
Revenue from sales	172,890,761	618,300,069	791,190,830

## 21. SHARE CAPITAL AND WARRANTS

At the Extraordinary Shareholders Meeting No. 2/2016 held on 22 November 2016, The shareholders passed the resolution as follows :

### 21.1 Registered share capital

The shareholders passed the resolution to increase the Company's registered share capital from Baht 215,000,000 to Baht 322,500,000 by issuing 107,500,000 new ordinary shares at Baht 1 par value to reserve the exercise rights warrants (NDR-W1).

### 21.2 Warrants

The shareholders passed the resolution to issue 107,500,000 units of the warrants to the existing shareholders, at an offering ratio of 2 ordinary shares to 1 unit of free warrant. The warrants are issued for specific holders and transferable. The terms of the warrants do not exceed 2 years from the date of which they are granted with the exercise ratio of 1 warrant to 1 new ordinary share. The exercise price is Baht 3 per share, unless the exercise ratio is adjusted under the conditions of the rights adjustment. The warrant holders can exercise their warrants in June and December of each year. The first exercise date will be on 15 June 2017 and the last exercise date will be 22 December 2018.

During the year, movements in number of warrants are as follow :

	Number of warrants (Units)
Balance as at 1 January 2017	107,499,454
Exercise of warrants	(850,000)
Balance as at 31 December 2017	<u>106,649,454</u>

## 22. LEGAL RESERVE

Under the Public Limited Company Act. B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net income for the year net of deficit (if any), until the reserve reaches 10 percent of the registered capital. This reserve shall not be distributable for dividends.

## 23. DIVIDEND PAYMENT

At the Annual General Meeting of Shareholders for the year 2017 held on 30 March 2017, the shareholders passed the resolution to pay dividend from profit for the year ended 31 December 2016 at Baht 0.097 per share for 215 million ordinary shares, totaling Baht 20.85 million. The dividend was paid on 27 April 2017.

At the Annual General Meeting of Shareholders for the year 2016 held on 31 March 2016, the shareholders passed the resolution to pay dividend from profit for the year ended 31 December 2015 at Baht 0.06 per share for 215 million ordinary shares, totaling Baht 12.90 million. The dividend was paid on 28 April 2016.

At the Annual General Meeting of subsidiary's shareholders for the year 2016 held on 29 April 2016, the subsidiary company's shareholders passed the resolution to pay dividend from its profit after tax for the year ended 31 December 2015 at Baht 39.48 per share for 61,000 shares, totaling Baht 2.41 million. The dividend was paid on 16 May 2016.

## 24. EARNINGS PER SHARE

The calculation of earnings per share, basic and diluted earnings per share for years ended 31 December 2017 and 2016 are as follows:

	Consolidated F/S					
	Profit for the year ended 31 December		Weighted average common shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to shareholders of the Company	16,865	56,049	215,466	215,000	0.0783	0.2607
<b>Potential effect of dilutive common shares</b>						
Warrants			29,593	746		
<b>Diluted earnings per share</b>						
Profit of common shareholder assuming the exercise of warrants	16,865	56,049	245,059	215,746	0.0688	0.2598
	Separate F/S					
	Profit for the year ended 31 December		Weighted average common shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to shareholders of the Company	13,529	54,851	215,466	215,000	0.0628	0.2551
<b>Potential effect of dilutive common shares</b>						
Warrants			29,593	746		
<b>Diluted earnings per share</b>						
Profit of common shareholder assuming the exercise of warrants	13,529	54,851	245,059	215,466	0.0552	0.2542

## 25. EXPENSES BY NATURE

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2017	2016	2017	2016
Raw materials and consumable supplies used	540,603,496	488,594,854	513,660,746	467,353,568
Changes in finished goods and work in process	3,019,254	5,773,144	2,787,318	6,357,029
Salaries, wages and other employee benefits	137,677,487	143,659,341	121,244,683	129,329,611
Utilities	36,439,926	40,309,546	31,472,274	35,531,554
Depreciation and amortization	36,654,597	34,479,109	34,344,452	31,536,312
Transportation	3,039,740	3,846,733	2,977,989	3,786,116
Advertising	3,339,511	7,713,158	3,289,511	7,711,182
Repair and maintenance	12,973,162	22,318,400	11,541,664	20,699,938
Factory expense	5,154,554	4,877,106	4,665,867	4,662,453
Other	22,779,364	27,859,206	20,373,523	25,957,297
Total	801,681,091	779,430,597	746,358,027	732,925,060

## 26. PROVIDENT FUND

On June 2013, the Company participated to be member in "Sin Sathaporn Fund Provident Fund", which manages by BBL Asset Management Company Limited under the provisions of The Provident Fund Act. B.E.2530. Under the fund regulation, the fund is contributed equally by both the Company and the employees at 2% of their salaries and will be paid to the employees upon termination in accordance with the rules of fund, upon retirement, death or resignation from the member.

For the year ended 31 December 2017, the Company and subsidiary company have paid for the contribution into the fund amounting to Baht 0.25 million and Baht 0.05 million, respectively, and for the year ended 31 December 2016, the Company and subsidiary companies have paid for the contribution into the fund amounting to Baht 0.40 million and Baht 0.04 million, respectively.

## 27. SEGMENTAL FINANCIAL INFORMATION

The financial information classified by geographical nature, domestic and overseas, for the years ended 31 December 2017 and 2016 are presented as follow :

(Unit : Thousand Baht)

	Consolidated F/S						Total
	For the year ended 31 December 2017						
	Tires	Tubes	Battery	Rubber Part	Others	Eliminated	
Sales	470,192	202,866	52,444	64,172	36,407	(5,166)	820,915
Cost of sales							(745,716)
Gross profit							75,199
Interest expenses							(7,002)
Depreciation and amortization							(36,655)
Profit before income tax							20,968
Trade accounts receivable – general customers – net							87,040
Property plant and equipment – net							484,337
Other assets							132,175
Total assets							703,552
Total liabilities							267,047

(Unit : Thousand Baht)

	Consolidated F/S						Total
	For the year ended 31 December 2016						
	Tires	Tubes	Battery	Rubber Part	Others	Eliminated	
Sales	529,237	179,129	55,236	56,589	27,589	(3,463)	844,317
Cost of sales							(713,008)
Gross profit							131,309
Interest expenses							(6,539)
Depreciation and amortization							(34,479)
Profit before income tax							69,434
Trade accounts receivable – general customers – net							93,596
Property plant and equipment – net							494,391
Other assets							158,696
Total assets							746,683
Total liabilities							310,813

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

For the year ended 31 December 2017, the Company's sales are made to an overseas customer amounting of Baht 296.89 million.

## 28. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, restricted deposits with banks, trade accounts receivable and payable and short-term loan. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies.

### Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Company and subsidiaries within the normal terms of trade. To manage this risk, the Company and subsidiaries periodically assess the financial viability of customers.

### Credit Risk

The Company and subsidiaries provide credit term on its trade transactions. The Company and subsidiaries manage its exposure to credit risk by closely monitoring collection of accounts receivable and focuses on overdue accounts. In the case of doubt about the collectability on accounts receivable, the Company and subsidiaries provided allowance for doubtful accounts in the accounts as deemed necessary.

### Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have a negative effect to current and future operations of the Company and subsidiaries. Management believes that the interest rate risk is minimum, hence, the Company and subsidiaries have no hedging agreement to protect against such risk.

### Foreign Currency Risk

The Company exposure for foreign currency risk relates primarily to its trade accounts receivable and payable which are denominated in foreign currencies. The Company entering into the forward exchange contracts for accounts receivable to reduce exposure on foreign currency risk.

As at 31 December 2017, the Company has financial assets and liabilities in foreign currencies as follow :

	Consolidated and Separate F/S		
	31 December 2017		
	Foreign currencies	Exchange rate	Baht equivalent
<u>Cash at bank</u>			
USD	102,136	32.4342	3,312,691
<u>Trade accounts receivable</u>			
SGD	879,266	24.1711	21,252,833
USD	259,994	32.5146	8,453,591
<u>Liabilities under trust receipt</u>			
USD	274,959	32.8472	9,031,633
<u>Trade accounts payable</u>			
USD	29,952	32.8472	983,839

#### Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of the Company's financial instruments.

- Financial assets are shown at estimated fair value.
- Financial liabilities are shown at the book value which is considered fair value because such liabilities will be matured in short term.

#### 29. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

As at 31 December 2017, Financial assets and financial liabilities measured at fair value are as follows :

(Unit : Thousand Baht)

Consolidated and Separate F/S

	31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Fixed income fund	-	3,021	-	3,021

(Unit : Thousand Baht)

Consolidated and Separate F/S

	31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Fixed income fund	-	23,379	-	23,379
Forward foreign exchange contracts	-	1,041	-	1,041
<b>Total</b>	-	24,420	-	24,420

30. FORWARD FOREIGN EXCHANGE CONTRACTS

The Company does not have any policy to use derivative financial instrument for speculation or commercial use. Forward foreign exchange contracts are made to manage exposure for fluctuation in foreign currency exchange rates on specific transactions.

As at 31 December 2017, the Company has open forward agreements which settlement dates are ranged 6 months as follows :

Contract Value		Contract Value	
Million SGD currency		Million BAHT currency	
Consolidated and Separate F/S		Consolidated and Separate F/S	
2017	2016	2017	2016
-	2.13	-	54.00

### 31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 As at 31 December 2017, the Company has commitments for construction factory building and machinery under installation of Baht 7.75 million.

31.2 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	326,400
Over 1 year not later than 5 years	345,200
Total	<u>671,600</u>

31.3 The Company has commitment to provide the manufacturing and distribute products under agreement with a foreign company for three years.

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

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

31.6 The Company and its subsidiaries have credit facilities and contingent liabilities from financial institution as at 31 December 2017 as follows :

	(Unit: Baht)		
	Consolidated F/S		
	Credit line	Used	Balance
<b>Credit facilities</b>			
Bank overdraft	39,500,000	2,175,999	37,324,001
Short-term loan	60,000,000	45,000,000	15,000,000
Long-term loan	67,000,000	53,800,000	13,200,000
Forward agreements	260,000,000	-	260,000,000
<b>Contingent liabilities</b>			
Letter of guarantee	12,000,000	6,437,609	5,562,391
Letter of credit and trust receipts (occasionally)	90,000,000	9,031,633	80,968,367
Bill for collection	33,000,000	-	33,000,000
Leasing	45,000,000	34,732,238	10,267,762

	(Unit: Baht)		
	Separate F/S		
	Credit line	Used	Balance
<b>Credit facilities</b>			
Bank overdraft	30,000,000	-	30,000,000
Short-term loan	60,000,000	45,000,000	15,000,000
Long-term loan	67,000,000	53,800,000	13,200,000
Forward agreements	260,000,000	-	260,000,000
<b>Contingent liabilities</b>			
Letter of guarantee	11,500,000	5,981,809	5,518,191
Letter of credit and trust receipts (occasionally)	90,000,000	9,031,633	80,968,367
Bill for collection	33,000,000	-	33,000,000
Leasing	45,000,000	34,732,238	10,267,762

### 32. CAPITAL RISK MANAGEMENT

The Company's objectives in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust policy for distribution dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

### 33. EVENT AFTER REPORTING PERIOD

The Extraordinary Shareholders meeting No. 1/2018 held on 18 January 2018, the Shareholders has passed the resolution as follows :

- To entered an agreement to acquire ordinary shares of Fung Keong Rubber Manufactory (Malaya) Sdn Bhd ("FKRMM") at 100 percent of total shares. Payment in acquiring of FKRMM transaction equal to 53,000,000 MYR.
- Approved to increase the Company's registered share capital from Baht 322,500,000 to Baht 377,500,000 by issuing 55,000,000 new ordinary shares at Baht 1 par value for private placement at offering of Baht 4 per share totaling Baht 220,000,000 which received the paid - up share capital in full amount on 2 February 2018.

At the Board of Directors Meeting No. 1/2018 held on 23 February 2018, the Board has a resolution as follows:

- Approve to pay dividend from its net income after tax for the year 2017 for 270.85 million shares at Baht 0.0028 per share for a total amount of Baht 758,380.
- Approve to pay stock dividend at proportion of 40 existing ordinary shares to 1 stock dividend for 270.85 million shares totaling 6,771,250 shares at the par value of Baht 1 per share amounting to Baht 6,771,250 or equivalent to the payment of dividend of Baht 0.025 per share. In the case of the ordinary shares resulting from the stock dividend is calculated as the fraction, the Company will pay cash instead of the stock dividend at the rate of Baht 0.025 per share.
- Approve to increase the Company's registered share capital for paid stock dividend and to reserve the exercise rights warrants (NDR – W1).

#### 34. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 23 February 2018.

