



Independent Auditor's Report and Consolidated  
Financial Statements of

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

For the Year Ended 31 December 2018



## INDEPENDENT AUDITOR'S REPORT

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**Grant Thornton Limited**  
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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 subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, 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. 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 2018, 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 the Group as at 31 December 2018, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2018, 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 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.

*Namin*

*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.

Key audit matter	How the matter was addressed in the audit
<p><i>Accounting for business combination</i></p> <p>During the year 2018, the Company acquired new business which engaged in distributing of motorcycle tyres and tubes, other rubber related product, and footwear at 100% shareholding totalling amount of MYR 53 million.</p> <p>During the year 2018, the management determined that the fair value of the net identifiable assets acquired including to intangible assets and a goodwill arose from business combination. The valuation of the intangible assets was performed as part of the purchase price Allocation by an independent expert.</p> <p>The measurement of fair values of identifiable assets acquired and liabilities assumed, including intangible assets, for such new businesses acquisition requires significant judgements, estimates and cash flows projections of management with complex determination. The determination of fair values also includes the consideration of the discount rate and a risk adjusted weighted average cost of capital.</p> <p>The Company disclosed business combination in note 2 to financial statements and accounting policies for business combination in note 3 to financial statements.</p>	<p>I assessed the completeness of fair value adjustments made by management and examined details of assets and liabilities at the acquisition date.</p> <p>I reviewed the purchase prices allocation made by expert.</p> <p>I evaluated the professional competency and independency of expert.</p> <p>I tested the reasonable of cash flows projection and discount rates for calculation of fair value of intangible assets.</p> <p>I considered the adequacy of the Group's disclosure for the accounting policies and amount recognition for business acquisition.</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 and revised 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.
- 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.

*Namin*

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

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

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

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



**Mr. Narin Churamongkol**

Certified Public Accountant

Registration No. 8593

Grant Thornton Limited

Bangkok

22 February 2019

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

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	131,239,455	51,298,196	35,646,069	40,782,534
Temporary investments	7	6,554,569	3,021,318	6,554,569	3,021,318
Trade accounts receivable - general customers - net	8	124,417,132	87,040,213	59,026,474	77,029,642
- related parties	6, 8	554,905	638,299	33,226,410	12,081,143
Amount due from subsidiary companies	6	-	-	2,311,200	1,059,708
Other accounts receivable - general customers		4,961,489	-	-	-
Inventories - net	9	137,680,790	63,408,324	52,230,900	53,816,354
Refundable value added tax		3,763,846	1,852,337	3,674,577	1,542,792
Refundable corporate income tax		5,216,566	721,983	721,983	721,983
Prepaid expense		-	4,795,366	-	3,007,866
Other current assets		6,293,745	2,991,828	4,478,519	2,954,951
<b>Total Current Assets</b>		<b>420,682,497</b>	<b>215,767,864</b>	<b>197,870,701</b>	<b>196,018,291</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiary companies	10	-	-	417,114,932	9,097,800
Property, plant and equipment - net	12	654,570,077	484,337,429	467,899,442	472,976,143
Intangible assets - net	13	147,007,839	3,327,447	1,896,428	3,234,052
Deferred tax assets	19	2,723,373	119,432	-	-
<b>Total Non-Current Assets</b>		<b>804,301,289</b>	<b>487,784,308</b>	<b>886,910,802</b>	<b>485,307,995</b>
<b>TOTAL ASSETS</b>		<b>1,224,983,786</b>	<b>703,552,172</b>	<b>1,084,781,503</b>	<b>681,326,286</b>

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

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdraft and short-term loans from banks	14	156,748,074	56,207,632	125,525,874	54,031,633
Trade accounts payable - general suppliers		74,996,798	89,674,486	69,722,207	83,210,126
- related parties	6	592,271	110,327	1,192,687	576,593
Amount due to subsidiary company	6	-	-	59,090	51,578
Accounts payable for purchases of fixed assets		893,001	2,695,305	893,001	2,695,305
Payable for purchase of investment in subsidiary company	17	60,161,623	-	60,161,623	-
Current portion :					
- Liabilities under finance lease agreements	15	9,877,249	9,484,149	9,877,249	9,484,149
- Long-term loan	16	21,450,000	21,450,000	21,450,000	21,450,000
Accrued income tax		1,222,553	391,444	777,178	-
Accrued expenses		42,313,518	11,487,047	9,222,604	10,256,656
Other current liabilities		2,325,636	953,738	2,030,977	495,886
<b>Total Current Liabilities</b>		<b>370,580,723</b>	<b>192,454,128</b>	<b>300,912,490</b>	<b>182,251,926</b>
<b>NON-CURRENT LIABILITIES</b>					
Liabilities under finance lease agreements - net	15	18,804,908	28,596,717	18,804,908	28,596,717
Long-term loan - net	16	12,550,000	32,350,000	12,550,000	32,350,000
Employee benefits obligation	18	5,710,580	4,202,515	4,889,995	3,737,418
Deferred tax liabilities - net	19	53,010,885	9,443,304	9,759,585	9,443,304
<b>Total Non-Current Liabilities</b>		<b>90,076,373</b>	<b>74,592,536</b>	<b>46,004,488</b>	<b>74,127,439</b>
<b>Total Liabilities</b>		<b>460,657,096</b>	<b>267,046,664</b>	<b>346,916,978</b>	<b>256,379,365</b>

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

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

(Unit : Baht)

Notes	Consolidated F/S		Separate F/S	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)</b>				
<b>SHAREHOLDERS' EQUITY</b>				
	Share capital - ordinary share, Baht 1 par value			
	Authorized - 387,470,188 shares			
	(2017 : 322,500,000 shares)			
21	387,470,188	322,500,000	387,470,188	322,500,000
	Issued and fully paid - up - 315,391,514 shares			
	(2017 : 215,850,000 shares)			
	315,391,514	215,850,000	315,391,514	215,850,000
	325,711,286	106,514,298	325,711,286	106,514,298
	Share premium			
	Retained earnings			
	- Appropriated for legal reserve			
22	11,509,585	11,389,585	11,509,585	11,389,585
	- Unappropriated			
	119,308,192	99,010,841	85,252,139	91,193,038
	Other component of shareholders' equity			
	(10,015,888)	876,694	-	-
	761,904,689	433,641,418	737,864,524	424,946,921
	<b>Total Equity of the Company's Shareholders</b>			
	Non-controlling interests in subsidiaries			
11	2,422,001	2,864,090	-	-
	764,326,690	436,505,508	737,864,524	424,946,921
	<b>Total Shareholders' Equity</b>			
	1,224,983,786	703,552,172	1,084,781,502	681,326,286
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			

N.D. RUBBER PUBLIC COMPANY LIMITED AND 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	
		2018	2017	2018	2017
Net sales	20, 27	973,294,524	820,915,225	715,647,776	759,091,612
Costs of sales	9, 25, 27	(802,288,506)	(745,715,605)	(656,664,939)	(695,507,764)
<b>Gross profit</b>		<b>171,006,018</b>	<b>75,199,620</b>	<b>58,982,837</b>	<b>63,583,848</b>
Gain on exchange rate		4,090,860	4,800,663	4,090,860	4,800,584
Other income		5,503,854	4,166,560	6,302,095	6,009,747
Gain from a bargain purchase	2	33,644,905	-	-	-
<b>Profit before expenses</b>		<b>214,245,637</b>	<b>84,166,843</b>	<b>69,375,792</b>	<b>74,394,179</b>
Selling expenses	25, 27	(41,393,527)	(12,622,631)	(10,809,543)	(11,500,199)
Administrative expenses	25, 27	(118,296,563)	(43,342,855)	(44,314,553)	(39,350,064)
<b>Total expenses</b>		<b>(159,690,090)</b>	<b>(55,965,486)</b>	<b>(55,124,096)</b>	<b>(50,850,263)</b>
<b>Profit from operations</b>		<b>54,555,547</b>	<b>28,201,357</b>	<b>14,251,696</b>	<b>23,543,916</b>
Equity in net loss of associated company		-	(230,732)	-	-
<b>Profit before finance costs and income tax</b>		<b>54,555,547</b>	<b>27,970,625</b>	<b>14,251,696</b>	<b>23,543,916</b>
Finance costs	27	(13,055,300)	(7,002,030)	(10,670,303)	(6,950,106)
<b>Profit before income tax</b>		<b>41,500,247</b>	<b>20,968,595</b>	<b>3,581,393</b>	<b>16,593,810</b>
Income tax	19	(13,252,991)	(3,954,739)	(1,353,617)	(3,065,151)
<b>Profit for the year</b>		<b>28,247,256</b>	<b>17,013,856</b>	<b>2,227,776</b>	<b>13,528,659</b>
<b>Other comprehensive loss</b>					
Items that will be reclassified subsequently to profit or loss					
Exchange differences from foreign currency					
financial statements translation - net of income tax	19	(10,892,582)	-	-	-
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss recognized in the year - net of income tax	19	(742,391)	-	(519,072)	-
<b>Other comprehensive loss for the year</b>		<b>(11,634,973)</b>	<b>-</b>	<b>(519,072)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>16,612,283</b>	<b>17,013,856</b>	<b>1,708,704</b>	<b>13,528,659</b>

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

(Unit : Baht)

Note	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>				
Shareholders of the Company	28,689,345	16,865,298	2,227,776	13,528,659
Non-controlling interests in subsidiaries	(442,089)	148,558	-	-
<b>Total</b>	<b>28,247,256</b>	<b>17,013,856</b>	<b>2,227,776</b>	<b>13,528,659</b>
<b>TOTAL COMPREHENSIVE INCOME</b>				
<b>FOR THE YEAR ATTRIBUTABLE TO:</b>				
Shareholders of the Company	17,054,372	16,865,298	1,708,704	13,528,659
Non-controlling interests in subsidiaries	(442,089)	148,558	-	-
<b>Total</b>	<b>16,612,283</b>	<b>17,013,856</b>	<b>1,708,704</b>	<b>13,528,659</b>
<b>BASIC EARNINGS PER SHARE</b>				
Profit (Baht per share)	24 0.0990	0.0759	0.0077	0.0609
Weighted average number of ordinary shares (share)	289,937,698	222,236,807	289,937,698	222,236,807
<b>DILUTED EARNINGS PER SHARE</b>				
Profit (Baht per share)	24 0.0990	0.0670	0.0077	0.0537
Weighted average number of ordinary shares (share)	289,937,698	251,831,049	289,937,698	251,831,049

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

(Unit : Baht)

	Notes	Equity attributable to shareholders of the Company									
		Retained earnings			Other components of shareholders' equity			Total equity			
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Surplus on change in proportion of investment in subsidiary company	Exchange differences on translating financial statement	Total	attributable to the Company's shareholders	Non-controlling interests	Total
<b>Consolidated F/S</b>											
Balance as at 1 January 2017		215,000,000	104,814,298	10,708,461	103,681,570	876,694	-	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		-	-	-	-	-	-	-	-	-	-
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)
<b>Total comprehensive income for the year</b>		-	-	-	16,865,298	-	-	-	16,865,298	148,658	17,013,856
<b>Balance as at 31 December 2017</b>		215,850,000	106,514,298	11,389,585	99,010,841	876,694	-	876,694	433,641,418	2,864,090	436,505,508
<b>Balance as at 1 January 2018</b>		215,850,000	106,514,298	11,389,585	99,010,841	876,694	-	876,694	433,641,418	2,864,090	436,505,508
Increase in share capital	21	92,770,460	219,196,988	-	-	-	-	-	311,967,448	-	311,967,448
Legal reserve	22	-	-	120,000	(120,000)	-	-	-	-	-	-
Dividend payment	23	-	-	-	(758,549)	-	-	-	(758,549)	-	(758,549)
Stock dividend	23	6,771,064	-	-	(6,771,054)	-	-	-	-	-	-
Transactions with shareholders		99,541,514	219,196,988	120,000	(7,649,603)	-	-	-	311,208,899	-	311,208,899
Profit (loss) for the year		-	-	-	28,689,345	-	-	-	28,689,345	(442,069)	28,247,256
Other comprehensive loss for the year		-	-	-	(742,391)	-	(10,892,582)	(10,892,582)	(11,634,973)	-	(11,634,973)
<b>Total comprehensive income (loss) for the year</b>		-	-	-	27,946,954	-	(10,892,582)	(10,892,582)	17,054,372	(442,069)	16,612,283
<b>Balance as at 31 December 2018</b>		315,391,514	325,711,286	11,509,585	119,308,192	876,694	(10,892,582)	(10,015,888)	761,904,669	2,422,001	764,326,690

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

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

	Notes	Issued and		Share premium	Retained earnings		Total
		paid-up share capital	share capital		Legal reserve	Unappropriated	
<b>Separate F/S</b>							
<b>Balance as at 1 January 2017</b>							
Increase in share capital	21	215,000,000	104,814,298		10,708,461	99,200,406	429,723,165
Legal reserve	22	850,000	1,700,000	-	-	-	2,550,000
Dividend payment	23	-	-	-	681,124	(681,124)	-
Transactions with shareholders		850,000	1,700,000	-	681,124	(20,854,903)	(20,854,903)
<b>Total comprehensive income for the year</b>		-	-	-	681,124	(21,536,027)	(18,304,903)
<b>Balance as at 31 December 2017</b>		215,850,000	106,514,298	-	11,389,585	91,193,038	424,946,921
<b>Balance as at 1 January 2018</b>		215,850,000	106,514,298	-	11,389,585	91,193,038	424,946,921
Increase in share capital	21	92,770,460	219,196,988	-	-	-	311,967,448
Legal reserve	22	-	-	120,000	-	(120,000)	-
Dividend payment	23	-	-	-	-	(758,549)	(758,549)
Stock dividend	23	6,771,054	-	-	-	(6,771,054)	-
Transactions with shareholders		99,541,514	219,196,988	-	120,000	(7,649,603)	311,208,899
Profit for the year		-	-	-	-	2,227,776	2,227,776
Other comprehensive loss for the year		-	-	-	-	(519,072)	(519,072)
<b>Total comprehensive income for the year</b>		-	-	-	-	1,708,704	1,708,704
<b>Balance as at 31 December 2018</b>		315,391,514	325,711,286	-	11,509,585	85,252,139	737,864,524

(Unit : Baht)

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	41,500,247	20,968,595	3,581,393	16,593,810
<b>Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:</b>				
Depreciation and amortization	48,371,505	36,654,599	35,928,913	34,344,453
Unrealized gain on changing in value of investments	(3,591)	(2,214)	(3,591)	(2,214)
Realized gain on disposal of temporary investments	(115,256)	(289,806)	(115,256)	(289,806)
Allowance (reversal of allowance) for doubtful accounts	712,491	(198,636)	(47,442)	(198,636)
Allowance for obsolete and devaluation value of inventories	588,168	310,396	171,134	209,846
Unrealized gain on exchange rate	(2,048,516)	(482,387)	(2,048,516)	(482,387)
Equity in net loss of associate company	-	230,732	-	-
Gain from disposal of fixed assets	(7,293)	(198,642)	(9,535)	(233,901)
Gain from a bargain purchase	(33,644,905)	-	-	-
Written off assets	17,894	-	17,894	-
Employee benefits obligation expenses	452,320	425,952	390,861	367,725
Interest income	(190,226)	(32,716)	(36,378)	(22,425)
Interest expenses	13,055,300	7,002,030	10,670,303	6,950,106
<b>Cash provided from operations before changes in operating assets and liabilities</b>	<b>68,688,138</b>	<b>64,387,903</b>	<b>48,499,780</b>	<b>57,236,571</b>
<b>Decrease (increase) in operating assets:</b>				
Trade accounts receivable - general customers	16,793,269	9,879,579	18,050,610	7,155,785
- related parties	83,394	497,015	(21,120,756)	(10,943,234)
Amount due from subsidiary company	-	-	908,509	(764,890)
Inventories	11,206,535	5,057,041	1,414,320	5,349,288
Refundable value added tax	(1,911,509)	5,015,634	(2,131,786)	5,325,180
Other current assets	(2,681,463)	(3,332,711)	(1,444,629)	(1,996,072)
<b>Increase (decrease) in Operating Liabilities:</b>				
Trade accounts payable - general suppliers	(15,808,971)	2,754,851	(13,477,905)	628,065
- related parties	481,944	(14,313,113)	616,094	(34,698)
Amount due to subsidiary company	-	-	7,511	-
Accrued expenses	5,272,256	(1,317,537)	(1,525,605)	(1,404,911)
Other current liabilities	1,371,898	(219,040)	1,535,091	13,306
<b>Cash provided from operations</b>	<b>83,495,491</b>	<b>68,409,622</b>	<b>31,331,234</b>	<b>60,564,390</b>

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Cash provided from operations (continued)</b>	83,495,491	68,409,622	31,331,234	60,564,390
Interest received	190,226	32,716	36,378	22,425
Interest paid	(12,737,630)	(6,891,430)	(10,557,426)	(6,852,123)
Income tax refunded	758,478	-	-	-
Income tax paid	(5,731,414)	(8,030,069)	(130,390)	(7,126,378)
<b>Net cash provided from operating activities</b>	<b>65,975,151</b>	<b>53,520,839</b>	<b>20,679,796</b>	<b>46,608,314</b>
<b>Cash Flows from Investing Activities:</b>				
Proceeds from disposal of temporary investments	279,165,596	255,090,158	279,165,596	255,090,158
Purchase of temporary investments	(282,580,000)	(234,440,000)	(282,580,000)	(234,440,000)
Cash received from consolidation of subsidiary	-	6,057,446	-	-
Purchase of investment in subsidiary	(42,173,267)	-	(141,202,542)	(3,000,000)
Proceeds from disposal of fixed assets	549	386,916	549	2,726,168
Purchase of fixed assets and computer software	(34,938,530)	(23,724,660)	(30,869,434)	(18,983,798)
Payment for purchases of fixed assets	(2,695,305)	(158,360)	(2,695,305)	(158,360)
<b>Net cash provided from (used in) investing activities</b>	<b>(83,220,957)</b>	<b>3,211,500</b>	<b>(178,181,136)</b>	<b>1,234,168</b>
<b>Cash Flows from Financing Activities</b>				
Increase (decrease) in bank overdraft and short-term loans from banks	20,538,417	(15,474,278)	71,523,132	(15,485,050)
Proceeds from paid-up share capital of subsidiary				
from non-controlling in subsidiaries	-	1,520,000	-	-
Repayment of liabilities under finance lease agreements	(9,398,711)	(9,056,837)	(9,398,710)	(9,056,837)
Repayment of long-term loan	(19,800,000)	(19,800,000)	(19,800,000)	(19,800,000)
Dividend payment	(626,995)	(20,846,769)	(626,995)	(20,846,769)
Proceeds from exercise of warrants	110,667,488	2,550,000	110,667,448	2,550,000
<b>Net cash provided from (used in) financing activities</b>	<b>101,380,199</b>	<b>(61,107,884)</b>	<b>152,364,875</b>	<b>(62,638,656)</b>
Exchange differences from foreign currency financial statements translation	(4,193,134)	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>79,941,259</b>	<b>(4,375,545)</b>	<b>(5,136,465)</b>	<b>(14,796,174)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>51,298,196</b>	<b>55,673,741</b>	<b>40,782,534</b>	<b>55,578,708</b>
<b>CASH AND CASH EQUIVALENTS AT ENDING OF YEAR</b>	<b>131,239,455</b>	<b>51,298,196</b>	<b>35,646,069</b>	<b>40,782,534</b>
<b>Supplemental disclosures for cash flows information</b>				
Accounts payable for purchase of fixed assets	893,001	2,695,305	893,001	2,695,305
Payable for purchase of investment in subsidiary	160,250,514	-	160,250,514	-
Stock dividend	6,771,054	-	6,771,054	-
Increase share capital for purchase of investment in subsidiary	-	-	201,300,000	-

**N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

1. NATURE OF OPERATIONS

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 tyres and tubes, and distributing battery for automobile and motorcycle, including other related services. The registered office address of the Company is 129 Moo 3, Nongsak-Phanasnikom Road, Nongaeiroon Sub-district, Banbueng, Chonburi. The major shareholders of the Company are "Samrittivanicha" Family at 53% shareholding.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, 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 other languages must be in compliance with the official report in Thai.

The Federation of Accounting Professions has issued new and revised TFRS, interpretations and guidance effective for annual accounting periods beginning on or after 1 January 2017. The changes were to align with the corresponding International Financial Reporting Standards, with most of the changes relating to the revision of wording and terminology, the provision of interpretations and accounting guidance to the users of the standards. The initial application of these new and revised TFRS has no material effect on the financial statements.

## 2.2 New and revised financial reporting standards, interpretations and guidance

### 2.2.1 Amendments and interpretations to existing Standards that are effective from 1 January 2018

The Federation of Accounting Professions has issued revised Thai Financial Reporting Standards (TFRS), interpretations and guidance, that are effective for annual accounting periods beginning on or after 1 January 2018. The changes were to align with the corresponding International Financial Reporting Standards where most of the changes are relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards.

The adoption of these revised TFRS has not had a material impact on the consolidated and separate financial statements except for the addition disclosures required under TAS 7 (see Note 28).

### 2.2.2 New Standards that are effective from 1 January 2019

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

### 2.2.3 New Standards that are effective from 1 January 2020

During the year, the Federation of Accounting Professions issued Thai Financial issue several TFRSs for financial instruments, which consists of TFRS 9 "Financial instruments", TAS 32 "Financial instruments: Presentation", TFRS 7 "Financial instruments: Disclosure", TFRIC 16 "Hedges of a Net Investment in a Foreign Operation" and TFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", which are effective for annual accounting periods beginning on or after 1 January 2020. The new TFRS establish new requirements relating to the definition, recognition, classification, measurement, impairment of financial assets and liabilities, as well as providing guidance on hedge accounting.

## 2.3 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.

## 2.4 Basis of consolidation

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

Subsidiary Company	Percentage of holding (%)		Nature of business
	2018	2017	
<u>Direct</u>			
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 tyres and tubes for motorcycle
N.D. Energy Fusion Co., Ltd.	50.00	50.00	Researching, manufacturing and distributing of wireless electrical equipment and system
FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD.	100.00	-	Distributing for motorcycle and bicycle tyres and tubes
<u>Indirect</u>			
FKR MARKETING SND.BHD.	100.00	-	Distributing for motorcycle and bicycle tyres and tubes
GCB TRADING SDN.BHD.	100.00	-	Distributing footwear

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

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

### *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.

The total assets of subsidiaries as at 31 December 2018 and 2017 and total revenues for the years ended 31 December 2018 and 2017, as included in the consolidated financial statements presented in term of percentages as follow:

Subsidiary company	Percentage of subsidiary's total assets to consolidated total assets		Percentage of subsidiary's total revenues to consolidated total revenues	
	31 December	31 December	For the years ended 31 December	
	2018	2017	2018	2017
N.D. Interparts Co., Ltd.	2.36	3.87	4.91	7.61
Mascasey Trading Co., Ltd.	0.77	1.62	1.98	2.36
N.D. Energy Fusion Co., Ltd.	0.44	0.81	-	-
FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD.	33.22	-	35.80	-

At the Extraordinary Shareholders' Meeting No. 1/2018 held on 18 January 2018, the shareholders passed a resolution to entered an agreement to acquire ordinary shares of FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. ("FKRMM") at 100 percent of total shares. Total price is MYR 53 million. Total purchase price comprises of 55,000,000 newly issued ordinary shares of the Company at the value of Baht 4 each, totalling Baht 220 million and cash of MYR 24.40 million which have 4 installments on 22 February 2018, 15 June 2018, 30 June 2019, and 31 December 2019. Consideration transferred for purchase common stock of FKRMM are as follows:

	Baht
Fair value of the Company's ordinary share as at acquisition date (2 February 2018)	201,300,000
Present value of cash payment for 4 installments	194,513,798
Total consideration value for purchase ordinary share of FKRMM	395,813,798
Acquisition - related costs	12,203,334
Total investment cost	408,017,132

On 22 February 2018 and 15 June 2018, the Company paid the first instalment for investment of MYR 4.20 million or equivalent to Baht 33.29 million and the second installment MYR 12.40 million or equivalent to Baht 100.02 million, respectively.

The fair value of identifiable assets acquired and liabilities assumed of FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. and subsidiaries as at 31 January 2018, which approximate to the value at the acquisition date on 2 February 2018, are summarised below:

	Baht
<b>Assets</b>	
Cash and cash equivalents	91,138,644
Trade accounts receivable	68,039,056
Inventories	85,970,144
Other current assets	9,937,489
Intangible assets	154,194,270
Property, plant and equipment – net	184,337,520
Other non-current assets	811,702
<b>Liabilities</b>	
Short-term loan from bank	(80,030,916)
Trade accounts payable	(14,348,746)
Other current liabilities	(25,531,666)
Other non-current liabilities	(45,058,791)
Total net asset value	429,458,706
Gain from a bargain purchase	(33,644,908)
Total consideration value for purchase common stock of FKRMM	395,813,798

Gain from a bargain purchase of Baht 33.64 million comprise of the different between market price and agreement price, Interest from fair value of ordinary share which have 4 installments and exchange rate between the agreement date and control power in subsidiary date.

Net cash receipt (paid) from business combination during the year ended 31 December 2018 as follows:

	Baht
Consideration value for purchase ordinary share of FKRMM	395,813,798
<u>Less:</u> Fair value of ordinary share of FKRMM as at business combination date	(201,300,000)
Payable for investment as at business combination date	194,513,798
Cash and equivalents of FKRMM as at business combination date	91,138,644
<u>Less:</u> Payment of the first installment of MYR 4.20 million	(33,293,684)
Payment of the second installment of MYR 12.40 million	(100,018,227)
Cash and cash equivalents paid for business combination	(42,173,267)

The Company included the results of operations for this business since the acquisition date in the preparation of the consolidated statement of profit or loss for the year ended 31 December 2018. Significant details are as follows:

	Baht
Revenue from sales	446,950,699
Gain for the period attributable to equity holders of the Company	11,870,251

Conditions for payment of consideration of FKRMM's shares acquisition are as follows:

1. For FKRMM's shares acquisition, MYR is used to determine value of consideration.
2. If the value of net assets of FKRMM is less than MYR 38.00 million as at 31 January 2018 and generates net profit after tax less than 85.00% of net profit which is MYR 6.00 million for the 12-month period ended 31 January 2018, total transaction value of MYR 53.00 million will be reduced in the same amount with the reduction of value of net asset and/or the same amount of the decline of net profit from the agreed amount.
3. In case the Company is unable to pay the 3<sup>rd</sup> payment and the 4<sup>th</sup> payment within the specified period, Consistent Record Sdn. Bhd. ("CRSB"), the Seller, can coordinate with NDR and notify its intention to use money obtained from selling of motorcycle tires and tubes (FKR Brand only) stored in FKRMM's warehouse to pay the remaining amount.

In addition, the significant important condition after completion of transaction is that the Samrittivanicha Family, the existing major shareholders of NDR, shall sell 32,000,000 units of existing warrants (NDR-W1) to CRSB within 1 month after the transaction is completed. CRSB must exercise 20,000,000 units of NDR-W1 and the Samrittivanicha Family must exercise 10,000,000 units of NDR-W1 on 15 June 2018, the exercise date. CRSB can decide to exercise any amount of warrants out of 12,000,000 unit, provided that NDR shareholding proportion of CRSB shall not be more than 25.00%.

### 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.

#### Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the seller. For each business combination, the Company measures the non-controlling interest, in the acquire either at fair value or at the proportionate share of the seller's identifiable net assets.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquire, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

#### Cost of business combinations

A contingent liability of the acquire is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs incurred in connection with a business combination, such as legal fees, and professional and other consulting fees are expensed as incurred.

#### 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.

#### 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

##### *Recognition and measurement*

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

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

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

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

### *Subsequent costs*

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

### *Depreciation*

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

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

	<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

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

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

### *Impairment*

The Company and subsidiaries assess whether there is an indication that any asset 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 loss is recognized in the statement of profit or loss. An asset recoverable amount is the higher of fair value less costs to sell or value in use.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

## Intangible assets

### *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.

### *Trademarks*

The Group's trademarks represent trademarks under the name "FKR and GCB" Trademarks acquired in a business combination and are recognized at fair value at the acquisition date. The Group continues to use the trademarks in commercial; and therefore, the trademarks have a finite useful life of 30 years and carried at the cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the trademarks.

### *Customer relationships*

Customer relationships acquired in a business combination and are recognized at fair value at the acquisition date. The customer relationships have a finite useful life of 8 years are carried at the cost less accumulated amortization. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

### *Goodwill*

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less allowance for impairment.

## Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in profit or loss as incurred.

### *Foreign subsidiary*

The assets and liabilities of foreign subsidiary are translated into Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign subsidiary are translated into Thai Baht at rates approximating the exchange rates at the dates of the transactions.

## 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 subsidiaries in Thailand with their employees have jointly established a provident fund plan whereby monthly contribution 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 subsidiaries contribution to the fund are recognized as expenses when incurred.

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

The Company and subsidiaries in Thailand 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.

## 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 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 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.

### Use of accounting estimates

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

## 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT

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

### 4.1.1 Impairment of receivables

The Company and subsidiaries set an allowance 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 intangible assets

Management regularly determines the estimated useful lives and residual values for the Company's and subsidiaries plant, equipment and intangible assets, 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 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by asset or the cash generated by the asset or the cash generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### 4.1.7 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.

#### 4.1.8 Deferred tax assets

The extent to which deferred tax assets can be recognized 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 utilized. 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	
	2018	2017	2018	2017
Cash	208,857	139,690	100,000	100,000
Cash at banks				
- Current account	95,435,657	12,022,761	3,927,709	5,417,553
- Saving account	35,594,941	39,135,745	31,618,360	35,264,981
Total	<u>131,239,455</u>	<u>51,298,196</u>	<u>35,646,069</u>	<u>40,782,534</u>

The currency denomination of cash and cash equivalents as at 31 December 2018 and 2017 are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
THB	42,357,657	47,985,505	35,422,319	37,469,843
MYR	88,662,378	-	4,330	-
USD	219,420	3,312,691	219,420	3,312,691
Total	<u>131,239,455</u>	<u>51,298,196</u>	<u>35,646,069</u>	<u>40,782,534</u>

6. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with related parties were as follows:

Name	Relationship
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
Sangcharoen Tools Center Co., Ltd.	Family member of director
White House Plastic Limited Partnership	Family member of director
Mr.Thanapol Samrittivanicha	Family member of director

Transactions with related parties for the years ended 31 December 2018 and 2017 are as follows:

Transaction with related parties	Pricing Policy	(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
		2018	2017	2018	2017
<b>Sales of goods</b>					
- Subsidiary companies	Agreed price	-	-	75,896,084	2,107,028
- Indirect subsidiary company	Agreed price	-	-	196,497,995	-
- Related parties	Agreed price	3,343,479	26,688,824	3,343,479	26,688,124
<b>Total</b>		<u>3,343,479</u>	<u>26,688,824</u>	<u>275,737,558</u>	<u>28,795,152</u>
<b>Purchase of raw materials</b>					
- Subsidiary company	Agreed price	-	-	2,919,602	3,373,980
- Related companies	Agreed price	2,333,011	496,666	2,211,381	359,064
<b>Total</b>		<u>2,333,011</u>	<u>496,666</u>	<u>5,130,983</u>	<u>3,733,044</u>
<b>Rental income</b>					
- Subsidiary companies	Agreed price	-	-	1,768,150	1,666,000
- Related company	Agreed price	-	102,150	-	102,150
<b>Total</b>		<u>-</u>	<u>102,150</u>	<u>1,768,150</u>	<u>1,768,150</u>
<b>Service income</b>					
- Subsidiary companies	Agreed price	-	-	179,439	16,000
- Related company	Agreed price	-	168,673	-	168,673
<b>Total</b>		<u>-</u>	<u>184,673</u>	<u>179,439</u>	<u>184,673</u>

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
Transaction with related parties	Pricing Policy	2018	2017	2018	2017
<u>Sales of asset</u>					
- Subsidiary company	Agreed price	-	-	2,160,000	2,340,935
<u>Service expense</u>					
- Subsidiary company	Agreed price	-	-	337,896	338,832
<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		10,490,639	6,640,768	7,530,671	5,420,439
Provision for post-employment benefit		496,360	61,996	304,758	55,596
Total		10,986,999	6,702,764	7,835,429	5,476,035

As at 31 December 2018 and 2017, the outstanding balances with related parties are as follows :

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		2018	2017	2018	2017
<u>Trade accounts receivable</u>					
- Subsidiary companies		-	-	10,219,334	11,443,593
- Indirect subsidiary company		-	-	22,452,171	-
- Related parties		554,905	638,299	554,905	637,550
Total		554,905	638,299	33,226,410	12,081,143
<u>Amount due from subsidiary companies</u>					
- Subsidiary companies		-	-	2,311,200	1,059,708
<u>Trade accounts payable</u>					
- Subsidiary company		-	-	607,371	495,945
- Related companies		592,271	110,327	585,316	80,648
Total		592,271	110,327	1,192,687	576,593
<u>Amount due to subsidiary company</u>					
- Subsidiary company		-	-	59,090	51,578

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<u>Transaction with related parties</u>				
<u>Key directors and management compensation</u>				
Employee benefits obligation	859,804	363,444	726,332	331,574

## 7. TEMPORARY INVESTMENTS

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2018	2017
Temporary investments		
Mutual fund	6,550,978	3,019,104
Unrealized gain on changing in value of investment	3,591	2,214
Total	6,554,569	3,021,318

During the years ended 31 December 2018 and 2017, movements of temporary investments are as follows:

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2018	2017
Fair value as at 1 January	3,021,318	23,379,456
Purchases	282,580,000	234,440,000
Disposals	(279,050,340)	(254,800,352)
Fair value adjustment	3,591	2,214
Fair value as at 31 December	6,554,569	3,021,318

## 8. TRADE ACCOUNTS RECEIVABLE – NET

As at 31 December 2018 and 2017, the aged of trade accounts receivable are as follows :

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<u>Trade accounts receivable – general customers</u>				
Not yet due	103,043,941	69,752,964	43,100,109	60,286,996
Over due :				
Less than 3 months	17,408,844	15,989,214	14,773,750	15,592,089
3 - 6 months	1,415,578	437,140	547,656	289,662
6 - 12 months	2,547,665	75,073	108,244	75,073
Over 12 months	3,644,080	1,547,057	1,210,508	1,547,057
Total	128,060,108	87,801,448	59,740,267	77,790,877
<u>Less</u> Allowance for doubtful accounts	(3,642,976)	(761,235)	(713,793)	(761,235)
Net	124,417,132	87,040,213	59,026,474	77,029,642
<u>Trade accounts receivable – related parties</u>				
Not yet due	254,576	348,249	22,783,544	3,298,624
Over due :				
Less than 3 months	300,329	290,050	8,729,117	8,762,238
3 – 6 months	-	-	1,713,749	20,281
Net	554,905	638,299	33,226,410	12,081,143

During the years ended 31 December 2018 and 2017, the movements in allowance for doubtful accounts as follow:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Balance as at 1 January	761,235	959,871	761,235	959,871
Addition from business combination	1,840,558	-	-	-
<u>Add</u> Allowance for doubtful accounts	2,128,416	-	-	-
<u>Less</u> Reversal of allowance for doubtful accounts	(1,011,632)	(198,636)	(47,442)	(198,636)
Exchange differences from financial statements translation	(75,601)	-	-	-
Balance as at 31 December	3,642,976	761,235	713,793	761,235

9. INVENTORIES – NET

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Raw materials	15,886,569	18,600,429	15,665,985	18,156,931
Work in process	11,264,504	11,626,184	10,102,945	9,526,867
Finished goods	101,947,297	23,262,802	20,287,599	16,098,145
Supply inventories	3,122,168	3,049,190	2,695,769	2,697,263
Fuel	368,506	423,318	368,506	423,318
Packaging	3,566,889	3,087,618	3,496,968	3,087,618
Goods in transit	5,519,335	4,041,950	-	4,041,950
<b>Total</b>	<b>141,675,268</b>	<b>64,091,491</b>	<b>52,617,772</b>	<b>54,032,092</b>
<u>Less Allowance for obsolete and</u>				
Declining values of inventories	(3,994,478)	(683,167)	(386,872)	(215,738)
<b>Inventories – net</b>	<b>137,680,790</b>	<b>63,408,324</b>	<b>52,230,900</b>	<b>53,816,354</b>

Inventories recognized as an expense in cost of sales during the years ended 31 December 2018 and 2017 are as follows :

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Cost of sales	801,730,041	745,405,209	656,493,805	695,297,918
Write-down to net realizable value	2,344,730	327,464	171,134	226,914
Reversal of write-down	(1,786,265)	(17,068)	-	(17,068)
<b>Net</b>	<b>802,288,506</b>	<b>745,715,605</b>	<b>656,664,939</b>	<b>695,507,764</b>

During the years ended 31 December 2018 and 2017, the movements of allowances for obsolete and declining value of inventories are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Beginning balance as at 1 January	683,167	372,771	215,738	5,892
Addition from business combination	2,928,721	-	-	-
<u>Add</u> Allowance for obsolete inventories	2,344,730	327,464	171,134	226,914
<u>Less</u> Reversal of allowance for obsolete inventories	(1,786,265)	(17,068)	-	(17,068)
Exchange differences from financial statements translation	(175,875)	-	-	-
Ending balance as at 31 December	<u>3,994,478</u>	<u>683,167</u>	<u>386,872</u>	<u>215,738</u>

#### 10. INVESTMENTS IN SUBSIDIARIES

Subsidiaries	Type of business	(Unit : Thousand Baht)					
		Paid-up Share capital		Percentage of Shareholding		Separate F/S (Cost method)	
		2018	2017	2018	2017	2018	2017
<u>Direct subsidiaries</u>							
N.D. Interparts Co., Ltd.	Manufacturing and distributing rubber and synthetic products for motorcycle and automobile	6,100	6,100	91.77	91.77	5,598	5,598
Mascasey Trading Co., Ltd.	Distributing tyres and tubes for motorcycle	1,000	1,000	50.00	50.00	500	500
N.D. Energy Fusion Co., Ltd.	Researching, manufacturing and distributing of wireless electrical equipment and system	6,000	6,000	50.00	50.00	3,000	3,000
FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD.	Distributing of motorcycle tyres and tubes and other rubber related product	161,028	-	100.00	-	<u>408,017</u>	<u>-</u>
Total investments in subsidiaries						<u>417,115</u>	<u>9,098</u>

As mentioned in notes 2 and 21, the Extraordinary Shareholders' Meeting No. 1/2018 held on 18 January 2018, the shareholders passed a resolution to entered an agreement to acquire ordinary shares of FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. ("FKRMM") at 100 percent of total shares. totaling, amount of MYR 53 million.

## 11. NON-CONTROLLING INTERESTS

Subsidiaries with material non-controlling interests is as follow :

(Unit: Thousand Baht)

Name	Proportion of ownership interests and voting rights held by the NCI		Total comprehensive income (loss) allocated to NCI		Accumulated NCI	
	2018	2017	2018	2017	2018	2017
N.D. Interpart Co., Ltd.	8.23%	8.23%	363	340	1,691	1,328
Mascasey Trading Co., Ltd.	50.00%	50.00%	(543)	(117)	(452)	91
N.D. Energy Fusion Co.,Ltd.	50.00%	50.00%	(262)	(75)	1,183	1,445
<b>Total</b>			<b>(442)</b>	<b>148</b>	<b>2,422</b>	<b>2,864</b>

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

	(Unit : Thousand Baht)	
	N.D. Interpart Co., Ltd.	N.D.Energy Fusion Co., Ltd.
	For the year ended 31 December 2018	For the year ended 31 December 2018
Total revenue	61,295	24,715
Profit (loss) for the year attributable to Company's shareholder	4,105	(263)
Profit (loss) for the year attributable to non-controlling interest	368	(263)
Profit (loss) for the year	4,473	(526)
Current assets	16,482	9,342
Non-current assets	12,486	52
Current liabilities	(7,814)	(10,298)
Non-current liabilities	(821)	-
Net assets	20,333	5,325
Attributable to non-controlling interests	1,691	(452)
Less Share subscription receivable of non-controlling interests	-	-
Attributable to non-controlling interests - net	1,691	(452)
Net cash provided from (used in) operations activities	3,030	(855)
Net cash provided from (used in) investing activities	(2,881)	-
Net cash provided from (used in) financing activities	(2,176)	-
Net cash flow decrease	(2,027)	(855)

(Unit : Thousand Baht)

	N.D. Interpart Co., Ltd.	Mascasey Trading Co., Ltd.		N.D.Energy Fusion Co., Ltd.	
		For the period from		For the period from	
		For the year ended 31 December 2017	10 November 2017 to 31 December 2017	3 November 2017 to 31 December 2017	31 December 2017
Total revenue	64,172	2,818	-	-	-
Profit (loss) for the year attributable to Company's shareholder	3,794	(117)	(75)	(75)	(75)
Profit (loss) for the year attributable to non-controlling interest	340	(117)	(75)	(75)	(75)
Profit (loss) for the year	4,134	(234)	(150)	(150)	(150)
Current assets	16,620	11,742	5,919	5,919	5,919
Non-current assets	11,545	64	-	-	-
Current liabilities	(11,560)	(11,625)	(68)	(68)	(68)
Non-current liabilities	(465)	-	-	-	-
Net assets	16,140	181	5,851	5,851	5,851
Attributable to non-controlling interests	1,328	91	2,925	2,925	2,925
Less Share subscription receivable of non-controlling interests	-	-	(1,480)	(1,480)	(1,480)
Attributable to non-controlling interests - net	1,328	91	1,445	1,445	1,445
Net cash provided from (used in) operations activities	11,062	(2,261)	(1,889)	(1,889)	(1,889)
Net cash provided from (used in) investing activities	(7,080)	-	4,520	4,520	4,520
Net cash provided from financing activities	11	-	-	-	-
Net cash flow increase (decrease)	3,993	(2,261)	2,631	2,631	2,631

## 12. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Baht)

	Consolidated F/S							Total
	Land and improvement	Building and construction	Machinery and factory tools	Factory equipment	Furniture and office Equipment	Vehicle	Asset in transit and in progress	
<b>Cost</b>								
1 January 2017	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
Increase from business combination	72,340,340	107,132,469	20,446,490	2,766,445	2,803,803	11,399,977	-	216,889,524
Acquisitions	-	846,410	11,999,299	5,425,431	832,506	1,154,154	13,314,675	33,572,475
Disposals	-	-	(460,771)	(82,135)	-	(43,866)	-	(586,772)
Amortized	-	-	-	-	(59,602)	-	-	(59,602)
Exchange differences from financial statements translation	(2,208,917)	(3,217,297)	(624,335)	(84,473)	(84,839)	(377,551)	-	(6,597,412)
Transfer in / (out)	-	-	8,836,117	(372,163)	(174,993)	-	(8,890,887)	(601,926)
31 December 2018	103,437,251	394,919,702	470,220,673	54,943,689	13,181,817	36,905,159	14,439,674	1,088,101,965
<b>Accumulated depreciation</b>								
1 January 2017	-	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
Increase from business combination	-	4,876,330	17,529,114	2,521,707	2,698,201	4,926,652	-	32,552,004
Depreciation for the year	-	13,232,315	19,729,480	4,634,954	1,296,685	3,299,927	-	42,193,361
Accumulated depreciation for disposals	-	-	(468,707)	(80,945)	-	(43,864)	-	(593,516)
Amortized	-	-	-	-	(45,144)	-	-	(45,144)
Exchange differences from financial statements translation	-	(202,874)	(692,677)	(82,229)	(91,647)	(185,201)	-	(1,254,628)
Transfer in / (out)	-	-	(47,908)	(146,790)	(327,740)	-	-	(522,438)
31 December 2018	-	123,949,807	245,926,203	35,331,367	9,059,916	19,210,595	-	433,477,888
<b>Net book value</b>								
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
31 December 2018	103,437,251	270,969,895	224,294,470	19,612,322	4,121,901	17,694,564	14,439,674	654,570,077

(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>Depreciation for the year 2017</b>								
Cost of sales								31,872,577
Administrative expense								3,398,780
<b>Total</b>								<b>35,271,357</b>
<b>Depreciation for the year 2018</b>								
Cost of sales								34,621,204
Administrative expenses								7,572,157
<b>Total</b>								<b>42,193,361</b>

(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 2017	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
Acquisitions	-	819,040	11,596,299	5,194,505	723,234	-	13,314,676	31,647,754
Disposals	-	-	(2,429,907)	-	-	-	-	(2,429,907)
Transfer in / (out)	-	-	8,836,117	(372,163)	(174,993)	-	(8,890,887)	(601,926)
31 December 2018	33,305,828	289,112,803	421,393,116	45,173,064	9,905,301	23,824,494	14,439,675	837,154,281
<b>Accumulated depreciation</b>								
1 January 2017	-	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
Depreciation for the year	-	11,020,268	17,051,004	3,768,023	850,000	1,805,206	-	34,494,501
Accumulated depreciation for disposals	-	-	(279,441)	-	-	-	-	(279,441)
Transfer in / (out)	-	-	(47,908)	(146,790)	(327,740)	-	-	(522,438)
31 December 2018	-	115,891,464	208,468,299	26,893,405	6,293,380	11,708,291	-	369,254,839
<b>Net book value</b>								
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
31 December 2018	33,305,828	173,221,339	212,924,817	18,279,659	3,611,921	12,116,203	14,439,675	467,899,442

(Unit : Baht)

	Separate F/S						Total
	Land and improvement	Building and construction	Machinery and factory tools	Factory equipment	Furniture and office Equipment	Vehicle	
<b>Depreciation for the year 2017</b>							
Cost of sales							29,750,834
Administrative expenses							3,243,377
Total							<u>32,994,211</u>
<b>Depreciation for the year 2018</b>							
Cost of sales							31,183,785
Administrative expenses							3,310,716
Total							<u>34,494,501</u>

As at 31 December 2018 and 2017, the costs of fully depreciated assets which are still remained in use amounted to Baht 107.08 million and Baht 106.19 million, respectively.

As at 31 December 2018 and 2017 the Company's machinery and vehicles with total net book value of Baht 44.61 million and Baht 46.82 million, respectively, were acquired under finance lease agreements.

As at 31 December 2018 and 2017, land and buildings of the Company and subsidiary are mortgaged as collaterals for credit facilities with banks as mentioned in Notes 14, 15 and 16.

### 13. INTANGIBLE ASSETS

(Unit : Baht)

	Consolidated F/S				Separate F/S
	Computer Software	Trademarks	Customer Relationships	Total	Computer Software
<b>Cost</b>					
At 1 January 2017	7,556,995	-	-	7,556,995	7,391,995
Acquisitions	484,958	-	-	484,958	484,958
At 31 December 2017	8,041,953	-	-	8,041,953	7,876,953
Increase from					
business combination	-	153,706,098	488,172	154,194,270	-
Acquisitions	294,682	-	-	294,682	114,682
Disposals	(18,682)	-	-	(18,682)	(18,682)
Exchange differences from financial statements translation	-	(4,692,471)	(14,903)	(4,704,868)	-
At 31 December 2018	8,317,953	149,013,627	473,269	157,804,355	7,972,953

	Consolidated F/S				(Unit : Baht)
				Separate F/S	
	Computer Software	Trademarks	Customer Relationships	Total	Computer Software
<b><u>Accumulated amortization</u></b>					
At 1 January 2017	3,331,264	-	-	3,331,264	3,292,659
Amortization for the year	1,383,242	-	-	1,383,242	1,350,242
At 31 December 2017	4,714,506	-	-	4,714,804	4,642,901
Accumulated amortization for the year	1,492,804	4,696,575	55,645	6,245,315	1,434,412
Amortization for disposals	(788)	-	-	(788)	(788)
Exchange differences from financial statements translation	-	(118,788)	(1,420)	(120,208)	-
At 31 December 2018	6,206,522	4,536,263	54,225	10,959,331	6,076,525
<b><u>Net book value</u></b>					
At 31 December 2017	3,327,447	-	-	3,327,447	3,234,052
At 31 December 2018	2,111,431	144,477,364	419,044	147,007,839	1,896,428
<b><u>Amortization for the year 2017</u></b>					
Administrative expenses	1,383,242	-	-	1,383,242	1,350,242
<b><u>Amortization for the year 2018</u></b>					
Administrative expenses	1,492,804	4,696,575	55,936	6,245,315	1,434,412

14. BANK OVERDRAFT AND SHORT TERM LOANS FROM BANK

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Bank overdraft	4,927,544	2,175,999	4,927,543	-
Short-term loan	31,222,200	-	-	-
Promissory note	115,000,000	45,000,000	115,000,000	45,000,000
Liabilities under trust receipts	5,598,330	9,031,633	5,598,331	9,031,633
Total	156,748,074	56,207,632	125,525,874	54,031,633

As at 31 December 2018 and 2017, the Company has short-term loans credit facility comprise of bank overdraft, promissory note and liabilities under trust receipts bear interest rates at market rate and collateralized by the mortgages of the Company's land and construction as mentioned in Note 12 and personal guaranteed by certain Company's directors.

As at 31 December 2018 and 2017, the subsidiary company has bank overdraft credit facility with interest rates of collateral fixed deposit account plus 1% per annum. This bank overdraft is collateralized by the mortgages of the parent company's land and construction and personal guaranteed by certain subsidiary company's directors.

As at 31 December 2018, the overseas subsidiary company has short-term loans from bank bear interest rate at market rate and secured by pledge of freehold industrial land with office and factory of the subsidiary company, personal guarantee of a subsidiary company's director and the parent company.

15. LIABILITIES UNDER FINANCE LEASE AGREEMENTS - NET

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2018	2017
Liabilities under finance lease agreements		
Due within one year	10,945,400	10,945,400
Due later than one year but not over five years	19,570,737	30,416,970
Total	<u>30,516,137</u>	<u>41,362,370</u>
<u>Less</u> Deferred interest	(1,833,980)	(3,281,504)
	<u>28,682,157</u>	<u>38,080,866</u>
<u>Less</u> Current portion	(9,877,249)	(9,484,149)
Liabilities under finance lease agreements – net	<u>18,804,908</u>	<u>28,596,717</u>

## 16. 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	
			2018	2017
Credit line of Baht 100 million	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.	34,000,000	53,800,000
<u>Less</u> Current portion			(21,450,000)	(21,450,000)
Long - term loan - net			<u>12,550,000</u>	<u>32,350,000</u>

Movements in the long-term loan for the years ended 31 December 2018 and 2017 are as follow :

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2018	2017
Balance as at 1 January	53,800,000	73,600,000
<u>Less</u> Repayment	(19,800,000)	(19,800,000)
Balance as at 31 December	<u>34,000,000</u>	<u>53,800,000</u>

Long-term loan is collateralized by the mortgages of the Company's land and construction as mentioned in Note 12.

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 2018, the Company is able to maintain debt to equity and debt service coverage ratios in compliance with the loan agreement.

17. PAYABLE FOR PURCHASE OF INVESTMENT IN SUBSIDIARY COMPANY

Payable for purchase of investment in subsidiary company as at 31 December 2018 is as follow:

	(Unit : Baht)
	Consolidated and Separate F/S
Payable for purchase of investment in subsidiary company	61,733,880
<u>Less</u> Deferred finance cost	(1,572,257)
Net	60,161,623
<u>Less</u> Current portion	(60,161,623)
Payable for purchase of investment in subsidiary company – net	-

18. EMPLOYEE BENEFITS OBLIGATION

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Statement of financial position</b>				
Obligations for post-employment benefits	5,710,580	4,202,515	4,889,995	3,737,418
<b>Statement of profit or loss and other comprehensive income:</b>				
<i>Recognized in profit or loss:</i>				
Post-employment benefits	580,077	536,552	503,738	465,708
<i>Recognized in other comprehensive income:</i>				
Actuarial losses recognized in the year	927,988	-	648,839	-

The Company and subsidiary had established a defined benefit pension plan under the Thai Labour Protection Act B.E 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movements in the present value of the defined benefit obligations for the years end 31 December 2018 and 2017 are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Beginning balance as at 1 January	4,202,515	3,665,963	3,737,418	3,271,710
<i>Recognised in profit or loss</i>				
- Current service costs	452,320	425,952	390,861	367,725
- Interest on obligation	127,757	110,600	112,877	97,983
<i>Recognised in other comprehensive income</i>				
- Actuarial loss	927,988	-	648,839	-
Balance as at 31 December	<u>5,710,580</u>	<u>4,202,515</u>	<u>4,889,995</u>	<u>3,737,418</u>

Actuarial losses recognized in other comprehensive income arose from:

	(Unit : Baht)	
	Consolidated F/S	Separate F/S
	2018	2018
Demographic assumptions	149,775	128,183
Financial assumptions	(68,456)	(58,210)
Experience adjustment	846,669	578,866
Total	<u>927,988</u>	<u>648,839</u>

*Actuarial assumptions*

The following are principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Discount rate	3.30 percent per annum	3.20 percent per annum	3.30 percent per annum	3.20 percent per annum
Future salary average increment rate	3 percent per annum	3 percent per annum	3 percent per annum	3 percent per annum
Normal retirement age	60 years	60 years	60 years	60 years
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2017	Thai Mortality Table 2017	Thai Mortality Table 2017

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts 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 obligation	(122,237)	142,852	(94,238)	109,966
Future salary growth				
Increment (decrement) of employee benefit obligation	141,819	(123,676)	109,170	(95,348)

On 13 December 2018, the National Legislative Assembly approved the Labor Protection Act, that will become effective 30 days after its publication in the Government Gazette, determined employer to pay compensation, if an employee work consecutively period of 20 years or more, employees has right to receives severance payment of 400 days of wages at the most recent rate. When the labor law come into force, the Group will recognize the increase in provision for employee benefits including past services cost of Baht 1.62 million and Baht 1.41 million in the consolidated FS and separate financial statements, respectively. The Group selected to recognise such effect in year 2019.

### 19. DEFERRED TAX

Applicable tax rates for the Group are as follows

	Tax rate (%)	
	2018	2017
Income tax under the Revenue Code of the Company and subsidiaries in Thailand	20	20
Corporate income tax in foreign country	10, 24	10, 24

## 19.1 Deferred tax

Deferred tax assets and liabilities are as follows:

(Unit : Baht)

	Consolidated F/S					31 December 2018
	1 January 2018	Increase from business combination	Profit or loss	Other comprehensive income	Exchange differences from financial statements translation	
<b>Deferred tax assets :</b>						
From allowance for doubtful accounts	152,248	-	(9,488)	-	-	142,760
From allowance for obsolete and declining value of inventories	136,633	-	33,152	-	-	169,785
From employee benefits obligation	840,503	-	116,015	185,598	-	1,142,116
From provision expense	-	811,702	-	-	(24,785)	786,917
<b>Deferred tax liabilities :</b>						
From differences from depreciation	(10,453,256)	(1,341,556)	(796,243)	-	(74,867)	(12,665,923)
From intangible assets	-	(35,211,060)	1,140,603	-	2,713,465	(31,356,992)
From revaluation of asset	-	(8,506,175)	-	-	-	(8,506,175)
	<u>(9,323,872)</u>	<u>(44,247,089)</u>	<u>484,039</u>	<u>185,598</u>	<u>2,613,812</u>	<u>(50,287,512)</u>

(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)

	Separate F/S			31 December 2018
	Recognised in			
	1 January 2018	Profit or loss	Other comprehensive income	
<b>Deferred tax assets :</b>				
From allowance for doubtful accounts	152,248	(9,489)	-	142,759
From allowance for obsolete and declining value of inventories	43,147	34,227	-	77,374
From employee benefits obligation	747,484	100,748	129,767	977,999
<b>Deferred tax liabilities :</b>				
From differences from depreciation	(10,386,183)	(571,534)	-	(10,957,717)
	<u>(9,443,304)</u>	<u>(446,048)</u>	<u>129,767</u>	<u>(9,759,585)</u>

(Unit : Baht)

	Separate 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	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)
	(7,892,153)	(1,551,151)	-	(9,443,304)

As at 31 December 2018 and 2017, a subsidiary has deferred tax assets amount of Baht 2.73 million and Baht 0.12 million, respectively. The group therefore presented this amount as non-current assets in consolidated financial statements.

## 19.2 Income tax

### *Income tax recognised in profit or loss*

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Current tax expense</b>				
Current tax income	12,768,952	2,393,151	907,569	1,514,000
<b>Deferred tax income</b>				
Movements in temporary differences	484,039	1,561,588	446,048	1,551,151
<b>Total income tax</b>	<b>13,252,991</b>	<b>3,954,739</b>	<b>1,353,617</b>	<b>3,065,151</b>

Income tax recognised in other comprehensive income

(Unit : Baht)

	Consolidated F/S					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Foreign currency translation differences for foreign operations	13,615,727	(2,723,145)	10,892,582	-	-	-
Defined benefit plan actuarial losses	927,987	(185,596)	742,390	-	-	-
<b>Total</b>	<b>14,543,714</b>	<b>(2,908,741)</b>	<b>11,634,973</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Unit : Baht)

	Separate F/S					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Actuarial losses	648,839	(129,767)	519,072	-	-	-

Reconciliation of income tax are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Accounting profit before tax	41,500,247	20,968,595	3,581,393	16,593,810
Applicable tax rate (%)	20	20	20	20
Tax multiplied by applicable tax rate	8,300,049	4,193,719	716,279	3,318,762
Effects :				
Non-deductible expenses	3,748,157	374,480	649,105	357,970
Change in tax rate	1,411,845	-	-	-
Exemption of income and additional expenses	(505,113)	(736,295)	(11,767)	(611,581)
Loss carried forward of subsidaray	298,053	122,835	-	-
<b>Income tax</b>	<b>13,252,991</b>	<b>3,954,739</b>	<b>1,353,617</b>	<b>3,065,151</b>

## 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 2018 and 2017 as follows:

	(Unit : Baht)		
	Consolidated F/S		
	For the years ended 31 December		
	Promoted business	Non - promoted business	Total
<b>2018</b>			
Revenue from sales	644,882,573	328,411,951	973,294,524
<b>2017</b>			
Revenue from sales	670,430,339	150,484,886	820,915,225

(Unit : Baht)

	Separate F/S		
	For the years ended 31 December		
	Promoted business	Non - promoted business	Total
<b>2018</b>			
Revenue from sales	644,882,573	70,765,203	715,647,776
<b>2017</b>			
Revenue from sales	670,430,339	88,661,273	759,091,612

## 21. SHARE CAPITAL AND WARRANTS

### 21.1 Share capital

On 18 January 2018, at the Extraordinary Shareholders' Meeting 2018 No.1/2018, the shareholders passed a resolution to approve the increase of the registered capital amount of Baht 55,000,000 as a part of FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. from Baht 322,500,000 to Baht 377,500,000 for Private Placement. The Company registered the share capital increment with the Department of Business Development on 24 January 2018.

On 30 March 2018, at the 2018 Annual General Meeting, shareholders passed the resolution to approve the increase of registered capital for stock dividend and for the adjust right exercise warrant No.1 (NDR-W1) amount of 9,970,188 shares at the par value of Baht 1 per share. The Company registered the share capital increment with the Department of Business Development on 9 April 2018.

## 21.2 Warrants

On 30 March 2018, at the Annual General Meeting of shareholder 2018, shareholders passed the resolution to approve the adjustment of purchasing right for the exercise of warrant No.1 (NDR-W1) from exercise price of Baht 3 per share and exercise ratio 1 warrant per 1 ordinary shares to exercise price of Baht 2.93 per share and exercise ratio 1 warrant per 1.03 ordinary shares.

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 2018	106,649,454
Exercise of warrants	(36,670,350)
Warrants expire on 22 December 2018	(69,979,104)
Balance as at 31 December 2018	-

## 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 profit 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 2018 held on 30 March 2018, the shareholders

approve the payment of a dividend from operating results for the year ended 31 December 2017 as follow:

- Stock dividend would be paid at the ratio of 40 existing ordinary share to 1 newly issue ordinary share for the existing shares of 270,850,000 shares, totalling of 6,771,250 newly issued ordinary shares. The par value of the newly issued ordinary share is 1 Baht per share, totalling Baht 6,771,250 or dividend rate of Baht 0.025 per share.
- Cash dividend would be paid at the rate of Baht 0.0028 per share for the existing shares at 270,850,000 shares, totalling Baht 0.76 million.

The dividend was paid on 24 April 2018.

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.

## 24. EARNINGS PER SHARE

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings (loss) per share, the weighted average numbers of outstanding ordinary shares are assumed to be converted to ordinary shares that dilute the total number of shares.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the period) based on the outstanding warrants to determine the number of potential common shares to be additionally issued. The potential shares are added to the outstanding ordinary shares but no adjustment is made to profit or loss for the period.

As discussed in Note 23, the Company has stock dividend at the ratio of 40 existing ordinary share to 1 newly issue ordinary share for the existing shares of 270,850,000 shares, totalling of 6,771,250 newly issued ordinary shares. The par value of the newly issued ordinary share is 1 Baht per share, as at 24 April 2018. Subscribed shares 6,771,054 shares totalling Baht 6,771,054 and cancel all remaining shares. The dividend rate is Baht 0.025 per share. Consequently, the Company's basic earnings per share and diluted earnings per share for the years ended 31 December 2018 and 2017 were changed as follows;

(Unit: Baht)

	Consolidated F/S		Separate F/S	
	For the year ended 31 December 2017			
	Previously reported	Revised	Previously reported	Revised
<b>Basic earnings per share</b>				
Profit for the period portion of the Company's shareholders	16,865,298	16,865,298	13,528,659	13,528,659
Weighted average number of common shares (share)	215,465,753	222,236,807	215,465,753	222,236,807
Earnings per share (Baht)	0.0783	0.0759	0.0628	0.0609
<b>Diluted earnings per share</b>				
Profit for the period portion of the Company's shareholders	16,865,298	16,865,298	13,528,659	13,528,659
Weighted average number of common shares (share)	245,059,995	251,831,049	245,059,995	251,831,049
Earnings per share (Baht)	0.0688	0.0670	0.0552	0.0537

The calculation of earnings per share, basic and diluted earnings per share for years ended 31 December 2018 and 2017 are as follows:

	Consolidated F/S					
	Profit for the year ended 31 December		Weighted average common shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings (loss) per share</b>						
Profit attributable to shareholders of the Company	28,689	16,865	289,938	222,237	0.0990	0.0759
<b>Potential effect of dilutive ordinary shares</b>						
Warrants			-	29,594		
<b>Diluted earnings (loss) per share</b>						
Profit of common shareholder assuming the exercise of warrants	28,689	16,865	289,938	251,831	0.0990	0.0670

	Separate F/S					
	Profit for the year ended		Weighted average		Earnings per share	
	31 December		common shares			
	2018	2017	2018	2017	2018	2017
(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Profit attributable to shareholders of the Company	2,228	13,529	288,175	222,237	0.0077	0.0609
<b>Potential effect of dilutive ordinary shares</b>						
Warrants			-	29,594		
<b>Diluted earnings per share</b>						
Profit of common shareholder assuming the exercise of warrants	2,228	13,529	288,175	251,831	0.0077	0.0537

As at 31 December 2018, warrants were expired, the Company therefore, does not have potential effect of dilutive ordinary share for the year 2018.

## 25. EXPENSES BY NATURE

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2018	2017	2018	2017
Raw materials and consumable supplies used	454,790,561	540,603,496	479,170,224	513,660,746
Changes in finished goods and work in process	144,368,249	3,019,254	(723,584)	2,787,318
Salaries, wages and other employee benefits	168,461,514	137,677,487	121,506,234	121,244,683
Utilities	39,747,408	36,439,926	33,699,297	31,472,274
Depreciation and amortization	48,371,505	36,654,597	35,928,913	34,344,452
Transportation	8,015,993	3,039,740	3,186,994	2,977,989
Advertising	4,623,817	3,339,511	2,709,963	3,289,511
Repair and maintenance	12,180,457	12,973,162	9,349,746	11,541,664
Factory expense	8,369,147	5,154,554	6,344,199	4,665,867
Other	73,049,945	22,779,364	20,617,049	20,373,523
Total	961,978,596	801,681,091	711,789,035	746,358,027

## 26. PROVIDENT FUND

On June 2013, the Company and subsidiary in Thailand 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 2018, the Company and subsidiary company in Thailand have paid for the contribution into the fund amounting to Baht 0.12 million and Baht 0.02 million, respectively, and for the year ended 31 December 2017, the Company and subsidiary companies have paid for the contribution into the fund amounting to Baht 0.25 million and Baht 0.05 million, respectively.

27. SEGMENTAL FINANCIAL INFORMATION

The financial information classified by products for the years ended 31 December 2018 and 2017 are presented as follow :

Consolidated F/S

For the year ended 31 December 2018

(Unit : Thousand Baht)

	Tires		Tubes		Battery Domestic	Rubber part Domestic	Footware Overseas	Others	Eliminated	Total
	Domestic	Overseas	Domestic	Overseas						
Sales	217,879	586,380	129,046	138,450	49,676	61,295	44,934	20,949	(275,314)	973,295
Cost of sales										(802,289)
Gross profit										171,006
Interest expenses										(13,055)
Depreciation and amortization expenses										(48,372)
Profit before income tax										41,500
Trade accounts receivable – general customers – net										124,417
Property plant and equipment – net										654,570
Other assets										455,997
Total assets										1,224,984
Total liabilities										460,657

(Unit : Thousand Baht)

Consolidated F/S

For the year ended 31 December 2017

	Tires		Tubes		Battery		Rubber part		Footware		Others	Eliminated	Total
	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas			
Sales	203,984	274,389	152,922	53,470	52,444	64,172	-	25,015	(5,481)	820,915		(745,716)	
Cost of sales													75,199
<b>Gross profit</b>													
Interest expenses													(7,002)
Depreciation and amortization expenses													36,654
Profit before income tax													20,969
Trade accounts receivable – general customers – net													87,040
Property plant and equipment – net													484,337
Other assets													132,175
<b>Total assets</b>													<u>703,552</u>
<b>Total liabilities</b>													<u>267,047</u>

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

Major Customer

For the year ended 31 December 2018, the Company's sales are made to 2 overseas customer amounting of Baht 267.69 million.

## 28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The amendments to TAS 7, effective 1 January 2018, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorises those changes into changes arising from cash flows and non-cash changes as required by TAS 7.

The changes in the Group's liabilities arising from financing activities can be classified as follows;

(Unit : Baht)

	Consolidated F/S			Total
	Short-term loans from banks	Long-term loans from banks	Liabilities under financial lease agreement	
<b>1 January 2018</b>	<b>56,207,632</b>	<b>53,800,000</b>	<b>38,080,866</b>	<b>148,088,498</b>
<b>Cash-flows:</b>				
Repayment	(244,423,800)	(19,800,000)	(9,398,709)	(273,622,509)
Proceeds	264,962,218	-	-	264,962,218
<b>Non-cash:</b>				
Increase from Business combination	80,030,915	-	-	80,030,915
Disposal	(28,891)	-	-	(28,891)
<b>31 December 2018</b>	<b>156,748,074</b>	<b>34,000,000</b>	<b>28,682,157</b>	<b>219,430,231</b>

(Unit : Baht)

	Consolidated F/S			Total
	Short-term loans from banks	Long-term loans from banks	Liabilities under financial lease agreement	
<b>1 January 2017</b>	<b>71,930,418</b>	<b>73,600,000</b>	<b>43,137,704</b>	<b>192,668,122</b>
<b>Cash-flows:</b>				
Repayment	(15,485,039)	(19,800,000)	(9,056,838)	(44,341,877)
Proceeds	10,761	-	-	10,761
<b>Non-cash:</b>				
Disposal	(248,508)	-	-	(248,508)
<b>31 December 2017</b>	<b>56,207,632</b>	<b>53,800,000</b>	<b>38,080,866</b>	<b>148,088,498</b>

(Unit : Baht)

## Separate F/S

	Short-term loans from banks	Long-term loans from banks	Liabilities under financial lease agreement	Total
1 January 2018	54,031,633	53,800,000	38,080,866	145,912,499
<b>Cash-flows:</b>				
Repayment	(198,366,629)	(19,800,000)	(9,398,709)	(227,565,338)
Proceeds	269,889,761	-	-	269,889,761
<b>Non-cash:</b>				
Disposal	(28,891)	-	-	(28,891)
31 December 2018	125,525,874	34,000,000	28,682,157	188,208,031

(Unit : Baht)

## Separate F/S

	Short-term loans from banks	Long-term loans from banks	Liabilities under financial lease agreement	Total
1 January 2017	69,765,192	73,600,000	47,137,704	190,502,896
<b>Cash-flows:</b>				
Repayment	(15,485,051)	(19,800,000)	(9,056,838)	(44,341,889)
<b>Non-cash:</b>				
Disposal	(248,508)	-	-	(248,508)
31 December 2017	54,031,633	53,800,000	38,080,866	145,912,499

## 29. 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.

As at 31 December 2018 and 2017, the financial instrument classified by the periods of time from the date on the statements of financial position to their maturity dates are as follows:

	Consolidated F/S			(Unit : Baht)
	2018			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	131,239,455	-	-	131,239,455
Temporary investment	6,554,569	-	-	6,554,569
Trade accounts receivable	124,972,037	-	-	124,972,037
Bank overdraft and short-term loans from banks	156,748,074	-	-	156,748,074
Long-term loans from banks	-	21,450,000	12,550,000	34,000,000
Trade accounts payable and other payable	75,589,069	-	-	75,589,069
Liabilities under hire - purchase agreements	-	9,877,249	18,804,908	28,682,157

(Unit : Baht)

	Consolidated F/S			
	2017			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	51,298,196	-	-	51,298,196
Temporary investment	3,021,318	-	-	3,021,318
Trade accounts receivable	87,678,512	-	-	87,678,512
Bank overdraft and short-term loans from banks	56,207,632	-	-	56,207,632
Long-term loans from bank	-	21,450,000	32,350,000	53,800,000
Trade accounts payable and other payable	89,784,813	-	-	89,784,813
Liabilities under hire-purchase agreements	-	9,484,149	28,596,717	38,080,866

(Unit : Baht)

	Separate F/S			
	2018			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	35,646,069	-	-	35,646,069
Temporary investment	6,554,569	-	-	6,554,569
Trade accounts receivable	92,252,884	-	-	92,252,884
Other receivables - related companies	2,311,200	-	-	2,311,200
Bank overdraft and short-term loans from banks	125,525,874	-	-	125,525,874
Long-term loans from bank	-	21,450,000	12,550,000	34,000,000
Trade accounts payable and other payable	70,973,984	-	-	70,973,984
Liabilities under hire - purchase agreements	-	9,877,249	18,804,908	28,682,157

(Unit : Baht)

	Separate F/S			
	2017			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	40,782,534	-	-	40,782,534
Temporary investment	3,021,318	-	-	3,021,318
Trade accounts receivable	89,110,785	-	-	89,110,785
Other receivables - related companies	1,059,708	-	-	1,059,708
Bank overdraft and short-term loans from banks	54,031,634	-	-	54,031,634
Long-term loans from bank	-	21,450,000	32,350,000	53,800,000
Trade accounts payable and other payable	83,838,297	-	-	83,838,297
Liabilities under hire - purchase agreements	-	9,484,149	28,596,717	38,080,866

### 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 is that future movement 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.

(Unit : Baht)

	Consolidated F/S				Interest rate (%)
	2018				
<u>Financial assets/ liabilities</u>	<u>Floated rate</u>	<u>Fixed rate</u>	<u>No interest</u>	<u>Total</u>	
Cash and cash equivalents	35,594,941	-	95,644,514	131,239,455	0.25% - 0.50%
Temporary investment	-	-	6,554,569	6,554,569	-
Trade accounts receivable	-	-	124,972,037	124,972,037	-
Bank overdraft and short-term loans					MOR,
from banks	-	156,748,073	-	156,748,073	3.35% - 3.85%
Long-term loans from banks	34,00,000	-	-	34,000,000	MLR – 3.00%
Trade accounts payable and other payable	-	-	75,589,069	75,589,069	-
Liabilities under finance lease agreements	-	28,682,157	-	28,682,157	3.80% – 11.06%

(Unit : Baht)

		Consolidated F/S			
		2017			
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	39,135,745	-	12,162,451	51,298,196	0.25% - 0.50%
Temporary investment	-	-	3,021,318	3,021,318	-
Trade accounts receivable and unbilled accrued income	-	-	87,678,512	87,678,512	-
Bank overdraft and short-term loans from banks	-	56,207,632	-	56,207,632	3.35% - 3.85%
Long-term loans from banks	53,800,000	-	-	53,800,000	MLR - 3.00%
Trade accounts payable and other payable	-	-	89,784,813	89,784,813	-
Liabilities under finance lease agreements	-	38,080,866	-	38,080,866	3.80% - 11.06%

(Unit : Baht)

		Separate F/S			
		2018			
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	31,618,360	-	4,027,709	35,646,069	0.25% - 0.50%
Temporary investment	-	-	6,554,569	6,554,569	-
Trade accounts receivable	-	-	92,252,884	92,252,884	-
Other receivables	-	-	2,311,200	2,311,200	-
Bank overdraft and short-term loans from banks	4,927,543	120,598,331	-	125,525,874	MOR, 3.35% - 3.55%
Long-term loan from bank	34,000,000	-	-	34,000,000	MLR - 3.00%
Trade accounts payable and other payable	-	-	70,973,984	70,973,984	-
Liabilities under finance lease agreements	-	28,682,157	-	28,682,157	3.80% - 11.06%

(Unit : Baht)

	Separate F/S				
	2017				
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<u>Financial assets/ liabilities</u>					
Cash and cash equivalents	35,264,981	-	5,517,553	40,782,534	0.25% - 0.50%
Temporary investment	-	-	3,021,318	3,021,318	-
Trade accounts receivable	-	-	89,110,785	89,110,785	-
Other receivables - related companies	-	-	1,059,708	1,059,708	-
Bank overdraft and short-term loans from banks	-	54,031,634	-	54,031,634	3.35% - 3.55%
Long-term loans from bank	53,800,000	-	-	53,800,000	MLR - 3.00%
Trade accounts payable and other payable	-	-	83,838,297	83,838,297	-
Liabilities under finance lease agreements	-	38,080,866	-	38,080,866	3.80% - 11.06%

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 2018, the Company has financial assets and liabilities in foreign currencies as follow :

	Consolidated and Separate F/S		
	31 December 2018		
	Foreign currencies	Exchange rate	Baht equivalent
<u>Cash at bank</u>			
USD	6,796	32.2848	219,420
MYR	563	7.6965	4,330
<u>Trade accounts receivable</u>			
MYR	2,917,192	7.6965	22,452,168
<u>Liabilities under trust receipt</u>			
USD	171,360	32.6148	5,588,872
<u>Trade accounts payable</u>			
USD	60,354	32.6148	1,968,434

### 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.

### 30. 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 2018, Financial assets and financial liabilities measured at fair value are as follows :

(Unit : Thousand Baht)

Consolidated and Separate F/S

	31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Fixed income fund	-	6,555	-	6,555

(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

### 31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 As at 31 December 2018, the Company has commitments for construction factory building and machinery under installation of Baht 7.93 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 :

<u>Years</u>	<u>Baht</u>
Not later than 1 year	227,400
Over 1 year not later than 5 years	72,800
Total	<u>300,200</u>

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

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

31.5 The Company and its subsidiaries have credit facilities and contingent liabilities from financial institution as at 31 December 2018 as follows :

	(Unit: Baht)		
	Consolidated F/S		
	<u>Credit line</u>	<u>Used</u>	<u>Balance</u>
<b>Credit facilities</b>			
Bank overdraft	39,500,000	4,927,543	34,572,457
Short-term loan	220,374,925	146,222,200	74,152,725
Long-term loan	38,950,000	34,000,000	4,950,000
Forward agreements	63,902,775	-	63,902,775
<b>Contingent liabilities</b>			
Letter of guarantee	12,000,000	6,133,600	5,866,400
Letter of credit and trust receipts (occasionally)	113,416,650	11,158,929	102,257,721
Bill for collection	33,000,000	-	33,000,000
Lease agreements	28,312,050	27,640,322	671,728

(Unit: Baht)

	Separate F/S		
	Credit line	Used	Balance
<b>Credit facilities</b>			
Bank overdraft	30,000,000	4,927,543	25,072,457
Short-term loan	115,000,000	115,000,000	-
Long-term loan	38,950,000	34,000,000	4,950,000
Forward agreements	60,000,000	-	60,000,000
<b>Contingent liabilities</b>			
Letter of guarantee	11,500,000	5,655,000	5,845,000
Letter of credit and trust receipts (occasionally)	90,000,000	11,158,929	78,841,071
Bill for collection	33,000,000	-	33,000,000
Lease agreements	28,312,050	27,640,322	671,728

### 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

At the Board of Directors Meeting No. 1/2019 held on 22 February 2019, the Board has a resolution as follow:

- Consider to approve to pay dividend from its retaining earning for the year 2015 for 315.39 shares at Baht 0.03 per share for a total amount of Baht 9.46 million.
- Consider to approve to set aside as a legal reserve from its net income for the year 2018 of Baht 0.12 million.

### 34. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 22 February 2019.

