

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Masterkool International Public Company Limited

Opinion

I have audited the accompanying consolidated and separate financial statements of Masterkool International Public Company Limited and its subsidiaries (the Group) and of Masterkool International Public Company Limited (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2017, and the related consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and notes to the 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 and separate financial position of the Masterkool International Public Company Limited and its subsidiaries and of Masterkool International Public Company Limited as at December 31, 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Valuation of inventories

As at December 31, 2017, the Group had inventories of Baht 230.14 million which the Group's inventories are valued in the statement of financial position at cost or net realizable value whichever were lower (Note no. 4.4 and 10) I focus on this area because that estimated net realizable value involve management's judgments and the amount of inventories are significant to the financial statements.

Key Audit Procedures

I reviewed the Group's policy to measure the net realizable value of inventories was appropriate and accordance with the requirement of Thai Financial Reporting Standards and reviewed the appropriateness consistency of the methods for making the estimated net realizable value.

I understood the method for making, reviewing and authorization of estimated net realizable value. And

I audited evidences sufficiently and appropriately about to reliability of selling price of inventories that occurred after the reporting period and estimated costs necessary to make sale that they were used to make the estimated net realizable value. Apart from this, I recalculated the mathematical accuracy estimated net realizable value.

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 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 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 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 financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

SP Audit Co., Ltd.

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 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.

SP Audit Company Limited

(Miss Chuenta Chommern)

Certified Public Accountant (Thailand) No. 7570

Bangkok

February 27, 2018

Masterkool International Public Company Limited and Subsidiary

Statement of Financial Position

As at December 31, 2017

(Unit : Baht)

								(Unit : Baht)
		Consolidated			Separate financial statement			
	Notes	December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016	
			Reclassification	Reclassification		Reclassification	Reclassification	
<u>Assets</u>								
Current assets								
Cash and cash equivalents		10,866,863.62	47,440,839.74	53,884,430.94	7,873,775.74	46,754,433.00	53,716,082.36	
Short-term investments	6	122,760.35	55,571,264.84	50,243,245.51	122,760.35	55,571,264.84	50,243,245.51	
Trade and other receivables - related parties	5.1, 7	2,783,295.44	884,313.70	3,972,555.64	21,848,399.76	3,691,683.47	4,565,888.03	
Trade and other receivables - third parties	8	123,156,207.60	144,279,147.58	93,457,154.27	84,303,651.14	138,945,241.23	91,431,273.89	
Current portion of receivables of								
finance lease	9	16,980,684.76	8,257,377.79	530,110.36	498,809.21	440,030.25	530,110.36	
Inventories	10	230,135,975.99	183,624,020.38	230,920,151.70	229,670,600.39	184,761,984.62	231,753,872.59	
Short-term loan to related party	5.1	-	-	-	7,000,000.00	25,279,887.50	8,779,887.50	
Total current assets		384,045,787.76	440,056,964.03	433,007,648.42	351,317,996.59	455,444,524.91	441,020,360.24	
Non-current assets								
Deposits at financial institutions pledged as collateral	11	71,702,955.77	50,029,913.34	48,242,991.67	70,702,955.77	49,029,913.34	47,230,121.67	
Receivables of finance lease	9	2,831,831.35	8,950,907.25	963,156.45	111,879.92	523,126.23	963,156.45	
Investment in subsidiary	12	-	-	-	30,255,410.25	1,261,210.25	1,261,210.25	
Property, plant and equipment	13	58,318,787.37	49,692,448.75	54,281,042.91	48,700,282.35	45,602,393.63	48,669,511.23	
Intangible assets	14	6,674,899.46	6,043,943.07	3,200,958.08	4,915,542.90	4,827,586.41	3,191,564.70	
Deferred tax assets	15	7,558,301.38	7,695,624.75	5,437,201.75	6,181,673.18	7,148,086.60	5,437,201.75	
Account Receivables Revenue Departement		3,902,480.25	-	-	3,902,480.25	-	-	
Other non-current assets		6,982,919.23	5,582,178.30	1,899,594.00	6,141,215.10	4,548,571.83	1,899,594.00	
Total non-current assets		157,972,174.81	127,995,015.46	114,024,944.86	170,911,439.72	112,940,888.29	108,652,360.05	
Total assets		542,017,962.57	568,051,979.49	547,032,593.28	522,229,436.31	568,385,413.20	549,672,720.29	

Masterkool International Public Company Limited and Subsidiary

Statement of Financial Position

As at December 31, 2017

(Unit : Baht)

		Consolidated			Separate financial statement		
	Notes	December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016
			Reclassification	Reclassification		Reclassification	Reclassification
<u>Liabilities and Shareholders' Equity</u>							
Current Liabilities							
Bank overdraft and Short-term loan							
from financial institutions	16	171,028,833.25	2,185,243.02	84,894,899.17	171,028,833.25	2,185,243.02	84,894,899.17
Trade and other payables - related parties	5.1	-	-	-	238,408.28	18,320.00	18,320.00
Trade and other payables - third parties	17	73,883,997.65	154,735,281.95	127,680,222.41	56,327,297.18	147,781,367.61	126,294,185.98
Provision for warranty	18	5,467,711.61	4,412,578.92	3,034,669.56	3,565,711.61	4,412,578.92	3,034,669.56
Current portion of long-term loan							
from financial institutions	19	24,692.40	102,201.83	426,194.42	24,692.40	102,201.83	426,194.42
Current portion of finance lease liabilities	20	2,674,539.30	1,867,633.03	985,406.23	2,674,539.30	1,867,633.03	985,406.23
Revenue Department payable		616,685.03	29,590.77	33,380.61	439,261.85	26,335.77	33,380.61
Income tax payable		-	10,478,976.48	-	-	10,478,976.48	-
Total current liabilities		253,696,459.24	173,811,506.00	217,054,772.40	234,298,743.87	166,872,656.66	215,687,055.97
Non - Current Liabilities							
Long-term loan from financial institutions	19	-	25,030.26	239,973.31	-	25,030.26	239,973.31
Finance lease liabilities	20	2,714,982.08	3,066,349.33	1,898,850.27	2,714,982.08	3,066,349.33	1,898,850.27
Employee benefit obligations	21	6,581,978.14	1,889,945.28	1,575,033.52	5,734,125.99	1,873,260.72	1,570,972.04
Total non - current Liabilities		9,296,960.22	4,981,324.87	3,713,857.10	8,449,108.07	4,964,640.31	3,709,795.62
Total liabilities		262,993,419.46	178,792,830.87	220,768,629.50	242,747,851.94	171,837,296.97	219,396,851.59

Masterkool International Public Company Limited and Subsidiary

Statement of Financial Position

As at December 31, 2017

(Unit : Baht)

	Notes	Consolidated			Separate financial statement		
		December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016
			Reclassification	Reclassification		Reclassification	Reclassification
Shareholders' Equity							
Share capital	22						
Authorised share capital							
480,000,000 ordinary shares of Baht 0.25 each		120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Issued and paid up share capital							
480,000,000 ordinary shares of Baht 0.25 each		120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Premium on ordinary shares		183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93
Surplus on share-based payment transactions		3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73
Retained earnings (deficits)							
Appropriated - legal reserve		8,256,778.85	3,743,166.50	3,743,166.50	8,256,778.85	3,743,166.50	3,743,166.50
Unappropriated		(35,326,505.40)	79,421,712.46	16,426,527.62	(34,869,464.14)	86,710,680.07	20,438,432.54
Total Shareholders' Equity		279,024,543.11	389,259,148.62	326,263,963.78	279,481,584.37	396,548,116.23	330,275,868.70
Total Liabilities and Shareholders' Equity		542,017,962.57	568,051,979.49	547,032,593.28	522,229,436.31	568,385,413.20	549,672,720.29

Masterkool International Public Company Limited and Subsidiary

Statement of Comprehensive Income

For the year ended December 31, 2017

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2017	2016	2017	2016
			Reclassification		Reclassification
Revenues					
Revenues from sales		458,120,390.78	853,175,039.13	436,187,027.27	831,568,831.69
Revenues from services		80,341,344.30	28,258,564.93	59,549,750.88	26,479,717.44
Other income		14,890,385.86	7,558,036.53	12,292,887.45	8,001,368.37
Total revenues		553,352,120.94	888,991,640.59	508,029,665.60	866,049,917.50
Expenses					
Costs of sales		350,544,951.03	562,670,397.00	346,334,483.43	544,595,395.58
Costs of services		50,829,936.63	7,838,136.35	31,138,330.80	6,530,655.49
Selling expenses		153,492,375.61	139,311,431.94	146,506,907.81	139,229,727.73
Administrative expenses		76,480,589.53	70,485,672.19	69,159,471.06	63,237,221.22
Finance cost		5,646,250.22	1,687,574.27	5,646,250.35	1,633,887.52
Total expenses		636,994,103.02	781,993,211.75	598,785,443.45	755,226,887.54
Profit (loss) before income tax expense		(83,641,982.08)	106,998,428.84	(90,755,777.85)	110,823,029.96
Income tax expense	24	(594,118.62)	(20,003,244.00)	(966,413.42)	(20,550,782.43)
Profit (loss) for the year		(84,236,100.70)	86,995,184.84	(91,722,191.27)	90,272,247.53
Other comprehensive income					
Items must not be classified into profit or loss in the future					
Actuarial losses		(4,206,504.81)	-	(3,552,340.59)	-
Other comprehensive loss for the year		(4,206,504.81)	-	(3,552,340.59)	-
Total comprehensive income (loss) for the year		(88,442,605.51)	86,995,184.84	(95,274,531.86)	90,272,247.53
Basic earnings (loss) per share		(0.18)	0.18	(0.20)	0.19
Number of share (Unit : share)	25	480,000,000	480,000,000	480,000,000	480,000,000

Masterkool International Public Company Limited and Subsidiary
Consolidated Statements of Changes in Shareholders's Equity
For the year ended December 31, 2017

(Unit : Baht)

	Notes	Issued and	Premium on	Surplus on share-based	Retained earnings (deficits)		Total
		paid-up share capital	ordinary share	payment transactions	Legal reserve	Unappropriated	
Balance as at January 1, 2016		120,000,000.00	183,030,332.93	3,063,936.73	3,743,166.50	16,426,527.62	326,263,963.78
Change in equity for the year							
Dividend payment		-	-	-	-	(24,000,000.00)	(24,000,000.00)
Total comprehensive income for the year		-	-	-	-	86,995,184.84	86,995,184.84
Balance as at December 31, 2016		120,000,000.00	183,030,332.93	3,063,936.73	3,743,166.50	79,421,712.46	389,259,148.62
Change in equity for the year							
Legal reserve		-	-	-	4,513,612.35	(4,513,612.35)	-
Dividend payment		-	-	-	-	(21,792,000.00)	(21,792,000.00)
Actuarial losses		-	-	-	-	(4,206,504.81)	(4,206,504.81)
Loss for the year		-	-	-	-	(84,236,100.70)	(84,236,100.70)
Balance as at December 31, 2017		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(35,326,505.40)	279,024,543.11

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

Masterkool International Public Company Limited and Subsidiary

Separate Statements of Changes in Shareholders's Equity

For the year ended December 31, 2017

(Unit : Baht)

	Notes	Issued and paid-up share capital	Premium on ordinary share	Surplus on share-based payment transactions	Retained earnings (deficits)		Total
					Legal reserve	Unappropriated	
Balance as at January 1, 2016		120,000,000.00	183,030,332.93	3,063,936.73	3,743,166.50	20,438,432.54	330,275,868.70
Change in equity for the year							
Dividend payment		-	-	-	-	(24,000,000.00)	(24,000,000.00)
Total comprehensive income for the year		-	-	-	-	90,272,247.53	90,272,247.53
Balance as at December 31, 2016		120,000,000.00	183,030,332.93	3,063,936.73	3,743,166.50	86,710,680.07	396,548,116.23
Change in equity for the year							
Legal reserve		-	-	-	4,513,612.35	(4,513,612.35)	-
Dividend payment		-	-	-	-	(21,792,000.00)	(21,792,000.00)
Actuarial losses		-	-	-	-	(3,552,340.59)	(3,552,340.59)
Loss for the year		-	-	-	-	(91,722,191.27)	(91,722,191.27)
Balance as at December 31, 2017		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(34,869,464.14)	279,481,584.37

Masterkool International Public Company Limited and Subsidiary

Statement of Cash Flows

For the year ended December 31, 2017

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2017	2016	2017	2016
		Reclassification		Reclassification	
Cash flows from operating activities					
Profit (loss) before income tax expense		(83,641,982.08)	106,998,428.84	(90,755,777.85)	110,823,029.96
Adjustments to reconcile profit (loss) before income tax expense for cash provided by (used in) operating activities					
Depreciation and amortization		17,089,007.88	12,484,061.69	16,260,321.41	12,224,951.27
Doubtful debt		2,397,298.28	781,934.34	2,299,515.78	781,934.34
Impairment loss on assets		10,581,845.98	3,590,040.81	8,965,941.60	358,232.05
Unrealised gain from exchange rates		(1,908,232.50)	(836,391.29)	(1,960,995.06)	(836,391.57)
Loss from write-off of property, plant and equipment		65,474.26	403,119.60	65,474.26	403,119.60
Gain from disposal of property, plant and equipment		(93,066.43)	(405,574.83)	(93,066.43)	(405,574.83)
Unrealised (gain) loss from short-term investment		1,142.56	(170,518.74)	1,142.56	(170,518.74)
Loss from obsolete inventories		20,110,371.40	4,586,435.87	20,103,558.09	4,586,435.87
Employee benefit obligations		321,987.00	314,911.76	308,524.68	302,288.68
Provision for warranty (Reversal)		1,055,132.69	1,377,909.36	(846,867.31)	1,377,909.36
Interest income		(3,145,429.58)	(792,668.82)	(1,356,154.06)	(792,666.81)
Interest expenses		5,646,250.22	1,687,574.27	5,646,250.35	1,633,887.52
Profit (loss) from operating activities before changes in operating assets and liabilities		(31,520,200.32)	130,019,262.86	(41,362,131.98)	130,286,636.70
(Increase) decrease in trade and other receivables - related parties		(1,898,981.74)	3,088,241.94	(19,883,008.41)	874,204.56
(Increase) decrease in trade and other receivables - third parties		18,706,458.08	(57,569,357.87)	52,318,800.58	(51,218,038.74)
(Increase) decrease in receivables of finance lease		(2,604,231.07)	(15,620,524.29)	352,467.35	624,604.27
(Increase) decrease in inventories		(67,140,008.14)	42,709,695.45	(65,466,854.99)	42,405,452.10
Increase in other non-current assets		(5,303,221.18)	(27,200.00)	(4,751,127.76)	(27,200.00)
Increase in trade and other payables - related parties		-	-	220,088.28	-
Increase (decrease) in trade and other payables - third parties		(82,333,342.52)	28,510,822.97	(90,695,307.79)	22,294,545.06
Increase (decrease) in revenue department payable		587,094.26	(3,789.84)	412,926.08	(7,044.84)
Cash provided (generated) from operation		(171,506,432.63)	131,107,151.22	(168,854,148.64)	145,233,159.11
Cash received from interest		2,894,873.97	470,428.22	2,835,980.68	480,858.70
Cash paid for income tax		(10,772,230.68)	(9,696,350.81)	(11,222,972.70)	(9,696,350.81)
Net cash provided by (used in) operating activities		(179,383,789.34)	121,881,228.63	(177,241,140.66)	136,017,667.00

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

Masterkool International Public Company Limited and Subsidiary

Statement of Cash Flows

For the year ended December 31, 2017

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2017	2016	2017	2016
			Reclassification		Reclassification
Cash flow from investing activities					
Cash received from sales short-term investment		275,077,361.93	617,502,499.41	275,077,361.93	617,502,499.41
Cash paid for purchase short-term investment		(219,630,000.00)	(622,660,000.00)	(219,630,000.00)	(622,660,000.00)
Cash paid investment in subsidiary		-	-	(28,994,200.00)	-
Cash paid for purchase of property, plant and equipment		(30,179,404.35)	(6,856,270.11)	(24,329,421.67)	(4,891,364.21)
Cash received from sales of property, plant and equipment		193,816.37	1,079,616.49	193,816.37	1,079,616.49
Cash paid for purchase of intangible assets		(1,580,593.00)	(2,653,250.00)	(1,165,593.00)	(1,441,750.00)
(Increase) decrease in short-term loan due to related party		-	-	18,279,887.50	(17,871,718.71)
Increase in fixed deposits pledged as collateral		(21,673,042.43)	(1,786,921.67)	(21,673,042.43)	(1,799,791.67)
Net cash provided by (used in) investing activities		2,208,138.52	(15,374,325.88)	(2,241,191.30)	(30,082,508.69)
Cash flows from financing activities					
Increase (decrease) in short - term loans from financial institutions		170,240,506.05	(83,817,246.15)	170,240,506.05	(83,817,246.15)
Cash paid for obligation under finance leases		(2,143,292.75)	(3,135,318.46)	(2,143,292.75)	(3,135,318.46)
Cash paid for long-term loan due from financial institution		(102,539.69)	(538,935.64)	(102,539.69)	(538,935.64)
Cash paid for dividend		(21,792,000.00)	(24,000,000.00)	(21,792,000.00)	(24,000,000.00)
Cash paid for interest		(5,600,998.91)	(1,458,993.70)	(5,600,998.91)	(1,405,307.42)
Net cash provided by (used in) financing activities		140,601,674.70	(112,950,493.95)	140,601,674.70	(112,896,807.67)
Net decrease in Cash and Cash Equivalent		(36,573,976.12)	(6,443,591.20)	(38,880,657.26)	(6,961,649.36)
Cash and cash equivalents, beginning balance		47,440,839.74	53,884,430.94	46,754,433.00	53,716,082.36
Cash and cash equivalents, ending balance	27.1	10,866,863.62	47,440,839.74	7,873,775.74	46,754,433.00

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

MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. General information

Masterkool International Public Company Limited (“the Company”) is a public limited company and is incorporated in Thailand. The Company is listed on The Market for Alternative Investment (MAI). The address of the Company’s registered office is 12/16-17 Thetsaban Songkhro, Latyao, Chatuchak Bangkok. The Company has administrative office branch as follows :

- The 1st office branch is 184 Moo 10, Nawanghin, Panusnikhom, Chonburi
- The 2nd office branch is 12/16-17 & 20 Thesabansongkro Rd., Ladyao, Chatuchak, Bangkok
- The 3rd office branch is 259/14 Soi Vibhavadi 40 (Patcharapa) Talat Bang Khen, Lak Si, Bangkok
- The 4th office branch is 39 Moo 6, Klongneung, Klongluang, Pathumthani
- The 5th office branch is 795 Pracharat 1 Rd., Bang Sue, Bang Sue, Bangkok

The principal activities of the Company and subsidiary (“the Group”) involve supply, sale and service of cooling products such as evaporative air cooler, misting fans industrial fans and ozone generator and sale and service for ozone system.

2. Basis of preparation of financial statements

The consolidated and separate financial statements are presented in Thai language and Thai Baht, and in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Capital Market Supervisory Board under the Securities and Exchange Act B.E.2535 (or 1992).

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates. Although the management has most well prepared the figures of estimation from the understanding of events and the things that have been done presently.

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

The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2017.

TFRS No. 2 Share-based Payment (revised 2016)
TFRS No. 3 Business Combinations (revised 2016)
TFRS No. 4 Insurance Contracts (revised 2016)
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2016)
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2016)
TFRS No. 8 Operating Segments (revised 2016)
TFRS No. 10 Consolidated Financial Statements (revised 2016)
TFRS No. 11 Joint Arrangements (revised 2016)
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2016)
TFRS No. 13 Fair Value Measurement (revised 2016)
TAS No. 1 Presentation of Financial Statements (revised 2016)
TAS No. 2 Inventories (revised 2016)
TAS No. 7 Statement of Cash Flows (revised 2016)
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2016)
TAS No. 10 Events after the Reporting Period (revised 2016)
TAS No. 11 Construction Contracts (revised 2016)
TAS No. 12 Income Taxes (revised 2016)
TAS No. 16 Property, Plant and Equipment (revised 2016)
TAS No. 17 Leases (revised 2016)
TAS No. 18 Revenue (revised 2016)
TAS No. 19 Employee Benefits (revised 2016)
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2016)
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2016)
TAS No. 23 Borrowing Costs (revised 2016)
TAS No. 24 Related Party Disclosures (revised 2016)
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2016)
TAS No. 27 Separate Financial Statements (revised 2016)
TAS No. 28 Investments in Associates and Joint Ventures (revised 2016)
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2016)
TAS No. 33 Earnings per Share (revised 2016)
TAS No. 34 Interim Financial Reporting (revised 2016)
TAS No. 36 Impairment of Assets (revised 2016)
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2016)
TAS No. 38 Intangible Assets (revised 2016)
TAS No. 40 Investment Property (revised 2016)
TAS No. 41 Agriculture (revised 2016)
TAS No. 104 Accounting for Troubled Debts Restructurings (revised 2016)
TAS No. 105 Accounting for Investments in Debt and Equity Securities (revised 2016)
TAS No. 107 Financial Instruments: Presentation and Disclosures (revised 2016)
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2016)
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2016)

TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2016)

TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies (revised 2016)

TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2016)

TFRIC No. 12 Service Concession Arrangements (revised 2016)

TFRIC No. 13 Customer Loyalty Programmes (revised 2016)

TFRIC No. 14 TAS 19 (revised 2016) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2016)

TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2016)

TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2016)

TFRIC No. 18 Transfers of Assets from Customers (revised 2016)

TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2016)

TFRIC No. 21 Levies (revised 2016)

TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2016)

TSIC No. 15 Operating Leases - Incentives (revised 2016)

TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2016)

TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2016)

TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2016)

TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2016)

TSIC No. 32 Intangible Assets - Web Site Costs (revised 2016)

Guide on Accounting for Insurance Business in Determining Financial Instruments as Financial Instruments Presented with Fair Value through Profit or Loss

The Group has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period.

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	<u>Effective date</u>
TFRS No. 2 Share-based Payment (revised 2017)	January 1, 2018
TFRS No. 3 Business Combinations (revised 2017)	January 1, 2018
TFRS No. 4 Insurance Contracts (revised 2017)	January 1, 2018
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2017)	January 1, 2018
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2017)	January 1, 2018
TFRS No. 8 Operating Segments (revised 2017)	January 1, 2018
TFRS No. 10 Consolidated Financial Statements (revised 2017)	January 1, 2018
TFRS No. 11 Joint Arrangements (revised 2017)	January 1, 2018
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2017)	January 1, 2018
TFRS No. 13 Fair Value Measurement (revised 2017)	January 1, 2018
TAS No. 1 Presentation of Financial Statements (revised 2017)	January 1, 2018
TAS No. 2 Inventories (revised 2017)	January 1, 2018
TAS No. 7 Statement of Cash Flows (revised 2017)	January 1, 2018
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2017)	January 1, 2018
TAS No. 10 Events after the Reporting Period (revised 2017)	January 1, 2018
TAS No. 11 Construction Contracts (revised 2017)	January 1, 2018
TAS No. 12 Income Taxes (revised 2017)	January 1, 2018
TAS No. 16 Property, Plant and Equipment (revised 2017)	January 1, 2018
TAS No. 17 Leases (revised 2017)	January 1, 2018
TAS No. 18 Revenue (revised 2017)	January 1, 2018
TAS No. 19 Employee Benefits (revised 2017)	January 1, 2018
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2017)	January 1, 2018

	<u>Effective date</u>
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2017)	January 1, 2018
TAS No. 23 Borrowing Costs (revised 2017)	January 1, 2018
TAS No. 24 Related Party Disclosures (revised 2017)	January 1, 2018
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2017)	January 1, 2018
TAS No. 27 Separate Financial Statements (revised 2017)	January 1, 2018
TAS No. 28 Investments in Associates and Joint Ventures (revised 2017)	January 1, 2018
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2017)	January 1, 2018
TAS No. 33 Earnings per Share (revised 2017)	January 1, 2018
TAS No. 34 Interim Financial Reporting (revised 2017)	January 1, 2018
TAS No. 36 Impairment of Assets (revised 2017)	January 1, 2018
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2017)	January 1, 2018
TAS No. 38 Intangible Assets (revised 2017)	January 1, 2018
TAS No. 40 Investment Property (revised 2017)	January 1, 2018
TAS No. 41 Agriculture (revised 2017)	January 1, 2018
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)	January 1, 2018
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2017)	January 1, 2018
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2017)	January 1, 2018
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2017)	January 1, 2018
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2017)	January 1, 2018
TFRIC No. 12 Service Concession Arrangements (revised 2017)	January 1, 2018
TFRIC No. 13 Customer Loyalty Programmes (revised 2017)	January 1, 2018
TFRIC No. 14 TAS 19 (revised 2017) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2017)	January 1, 2018
TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2017)	January 1, 2018
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2017)	January 1, 2018
TFRIC No. 18 Transfers of Assets from Customers (revised 2017)	January 1, 2018
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2017)	January 1, 2018
TFRIC No. 21 Levies (revised 2017)	January 1, 2018
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2017)	January 1, 2018
TSIC No. 15 Operating Leases - Incentives (revised 2017)	January 1, 2018
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2017)	January 1, 2018
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)	January 1, 2018
TSIC No. 29 Service Concession Arrangements ; Disclosures (revised 2017)	January 1, 2018
TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2017)	January 1, 2018
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2017)	January 1, 2018

The Group has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management is currently assessing the first-year impact on the Group's financial statements.

3. Principles of consolidation financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are those entities under the control by the Company. The Company controls subsidiaries when it is exposed, or has rights, to variable returns from its involvement with subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Related party transactions, balances and unrealized gains on transactions between The Company and its subsidiaries are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The consolidated financial statements for the year ended December 31, 2017 and 2016 have been prepared by including the financial statements of Masterkool International Public Company Limited and subsidiaries after eliminate the significant related party balances and transactions. The percentage directly and indirectly owned by the Company as follows:-

<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Incorporated in</u>	<u>Percentage of shareholding</u>	
			<u>2017</u>	<u>2016</u>
Innov Green Solutions Co., Ltd.	Sale and service for ozone system	Thailand	100.00	100.00

The financial statements of the subsidiaries are prepared for the same reporting periods as the Company and using consistent significant accounting policies.

4. Accounting policies

4.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

4.2 Short-term investments

Short-term investment in the marketable security which the Company holds as trading security is classified as current asset and reflected by fair value. The Company recognized the change of the value in profit or loss.

The fair value of trading security is computed at the end of the reporting period from the latest price offered.

Disposal of investment

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited in profit or loss.

When disposing of part of the Company's holding of an investment, the carrying amount of the disposed part is determined from the weighted average carrying amount of the total holding of the investment.

4.3 Trade receivable

Trade account receivable are carried in the statement of financial position at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at the end of the reporting period. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

4.4 Inventories

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

Costs of inventories are calculated as the follow method:-

Finished goods	- FIFO method
Raw material and supplies	- FIFO method

The Group estimates the net realisable value by using the selling price in the ordinary course of business less selling expenses.

The Group makes the allowance for diminutions in the value of obsolete, defective or slow-moving inventories.

4.5 Investments in subsidiaries

Investments in subsidiaries are reported by using the cost method of accounting in the separate financial statements less allowance for impairment investment.

4.6 Property, plant and equipment

Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any).

Buildings and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Group's depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, (Except Mold is calculated on unit of production) to their residual values over their estimated useful life as follows:

Buildings	10 – 20 years
Leasehold improvements	Upon contract
Equipment	5 years
Mold	Unit of production
Tools	5 years
Office furniture and fixture	3 – 5 years
Vehicles	5 years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.7 Intangible assets

Intangible assets in type of computer software, which have finite useful lives, are stated at cost less accumulated amortization and impairment losses (if any). Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives 5 years.

4.8 Research and development

The Group recognizes the expenditure on research activities as an expense in the period in which it is incurred.

The Group recognizes the expenditure arising from development if the Group can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

4.9 Impairment of assets

The carrying amounts of the Group's assets and also intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Group will recognize impairment losses in profit or loss, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognized in profit or loss or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

4.10 Accounting for leases

Where the Group is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged in profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

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

Where the Group is the lessor

The assets for rent under the financial lease agreement are shown in the statement of financial position as receivables of financial lease at the amount equal to the net investment of the lease agreement and recognize financial revenue in the format that reflect the fixed rate yield for each period based on the net investment of the lessor, which is the outstanding amount of the financial lease agreement.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group.

4.11 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

4.12 Revenue recognition

Sales of goods are recognized on the delivery of goods or on customer acceptance. Sales are recognized based on units of sale delivered at the applicable tariff rates.

Service income is recognized when services have been rendered.

Revenues from sales of equipment with design and installation service, the Company recognizes the revenues and costs basing on the stage of completion basing on the engineer's survey on the percentage of physical installation work performed compare to the installation work stipulated in the agreement. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in profit or loss immediately. The revenue recognized on the stage of completion but not yet due for payment is shown as "accrued revenue", and the revenues that has not yet been recognized but billed for payment is shown as "advanced revenue" in the statement of financial position. The cost of works that have not yet been completed or delivered are recorded under the work-in-process.

Rental income is recognized as income over the lease period.

Interest income is recognized on an accrual basis.

Other income is recognized on an accrual basis.

4.13 Foreign currency transactions

The Group translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at The end of the reporting period denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss as incurred.

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.15 Employee benefits

Defined contribution plan

The Group operates a provident fund which is funded by payments from employees and by the Group. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

Defined benefit plan

The Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, current service cost and related interest expense. The current service cost and interest expense are recognized in profit or loss. Actuarial gains and losses arising from re-measurement of the employee benefit obligation are recognized in other comprehensive income and transferred in retained earnings, respectively without reclassification of those amounts to profit or loss in a subsequent period.

4.16 Corporate income tax

The Group recognizes the unpaid current tax for current period as a liability in the statement of financial position. In a case where the amount already paid in respect of current period exceeds the amount due for such period, the excess will be recognized as an asset in the statement of financial position.

The Group recognizes a deferred tax liability for all taxable temporary difference, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit at the time of the transaction. The Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. And the Group recognizes a deferred tax asset for all deductible temporary differences arising from investment in subsidiaries and associates, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Group measures the current tax liabilities and assets for the current period using the tax rate that have been enacted by the end of the reporting period. And the deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The Group recognizes the current and deferred tax as an income or an expense and includes it in profit or loss for the period, except the current and deferred tax for items that are recognized in the other comprehensive income or directly in the equity will be recognized in the other comprehensive income or directly in the equity.

4.17 Financial instruments

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, investment in equity securities, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Forward contracts are carried at fair value and presented in other current assets or other current liabilities. Unrealized gains or losses on changes in fair value are recognized in profit or loss.

4.18 The important accounting estimation, supposition and judgment application

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Plant, equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's plant, equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been abandoned or sold.

Financial lease/ Operation lease

The Group has entered into lease agreements for rental vehicle, machine and equipment. The Group has determined, based on an evaluation on terms and conditions of the arrangements, that the lease transfers ownership of these assets to the lessee, and so accounts for the contracts as financial leases.

Employment benefits

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

Estimated Service costs

The Group estimate costs of service projects based on details of the service work, taking into account the volume and value of materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Provision for warranty

The Group estimate provision for warranty based on actual historical warranty expenses and/or currently available information related to the cost of various types of repair work.

5. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Veeraman family is a major shareholder, holding 25.61% (2016: 25.61%) of the share capital of the Company. Transactions related to companies in which major shareholder and directors, the principal shareholders or directors are recognized as related parties to the Company.

The Company has transactions with related persons and companies for the year ended December 31, 2017 and 2016 as follows:

5.1 Inter-assets and liabilities

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivables				
- Innov Green Solutions Co., Ltd.	-	-	19,050,446.78	1,066,420.11
- Actdee Co., Ltd.	2,783,295.44	884,313.70	2,783,295.44	884,313.70
Total	2,783,295.44	884,313.70	21,833,742.22	1,950,733.81
Accrued interest receivable				
- Innov Green Solutions Co., Ltd.	-	-	14,657.54	1,740,949.66
Total trade and other receivable	2,783,295.44	884,313.70	21,848,399.76	3,691,683.47
Short-term loans to related party				
- Innov Green Solutions Co., Ltd.				
Beginning balance	-	-	25,279,887.50	8,779,887.50
Addition during year	-	-	28,000,000.00	16,500,000.00
Repayment during the year	-	-	(46,279,887.50)	-
Ending balance	-	-	7,000,000.00	25,279,887.50
Account payables				
- Innov Green Solutions Co., Ltd.	-	-	232,408.28	-
Other payables				
- Innov Green Solutions Co., Ltd.	-	-	6,000.00	18,320.00
Total Account payables and other payables	-	-	238,408.28	18,320.00

As at December 31, 2017 and 2016, short – term loans to related party is the loan to subsidiary in form of promissory note endure for a period 5-6 months, bear interest between 5.00% per annum.

5.2 Inter-revenue and expenses

(Unit : Baht)				
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales of goods				
- Innov Green Solutions Co., Ltd.	-	-	28,221,915.61	836,339.42
- Actdee Co., Ltd.	9,620,881.38	12,821,274.70	9,620,881.38	12,821,274.70
Total	9,620,881.38	12,821,274.70	37,842,796.99	13,657,614.12
Service income				
- Innov Green Solutions Co., Ltd.	-	-	293,839.20	196,350.00
- Actdee Co., Ltd.	20,570.00	20,570.00	20,570.00	20,570.00
Total	20,570.00	20,570.00	314,409.20	216,920.00
Interest income				
- Innov Green Solutions Co., Ltd.	-	-	579,549.59	1,361,286.22
Rental cost and service cost				
- Innov Green Solutions Co., Ltd.	-	-	22,724,502.00	-
- Actdee Co., Ltd.	20,000.00	-	20,000.00	-
Total	20,000.00	-	22,744,502.00	-
Accrued commission				
- Innov Green Solutions Co., Ltd.	-	-	556,047.07	-
Service expense				
- Innov Green Solutions Co., Ltd.	-	-	23,500.00	-

5.3 Management benefit expenses

(Unit : Baht)				
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	12,704,810.00	11,006,150.00	10,995,810.00	10,463,150.00
Post-employment benefits	202,637.24	174,913.00	189,212.84	174,913.00
	12,907,447.24	11,181,063.00	11,185,022.84	10,638,063.00

5.4 Pricing policies

<u>Trading transactions</u>	<u>Policy of pricing</u>
Revenues from sales and services	Price approximate price charge to third party
Interest income	Rate approximate rate charge to Financial institutions
Other income	Contract price
Purchase of goods	Price approximate price charge to third party
Purchase of fixed assets	Price approximate price charge to third party
Rental service cost	Price approximate price charge to third party
Management fees	Cost plus margin
Advertising and sale promotion expenses	Price approximate price charge to third party
Consumables cost	Price approximate price charge to third party
Finance costs	Contract price (5.00% p.a.)

5.5 Commitments with related parties

As at December 31, 2017 and 2016, the Company has performed contract of accounting services to a subsidiary for 2 years. The subsidiary constitutes obligation commitment that has to repay service fee by Baht 20,000.00 per month

As at December 31, 2017 and 2016, the Company and its subsidiary entered into a joint investment and share benefit agreement with a local company. The condition of joint operation and share of benefit as specific in the agreement.

5.6 Relationships

<u>Company</u>	<u>Relationship</u>
Innov Green Solutions Co., Ltd.	Subsidiary
Let Co., Ltd.	Relative of shareholder & director
Site Preparation Management Co., Ltd.	Co-shareholder & co-director
Actdee Co., Ltd.	Relative of shareholder & director
Mr. Noppachai Weeraman	Shareholder & director
Mr. Fung Meng Hoi	Shareholder & director

6. Short-term investments

Consisted of:-

(Unit: Baht)

	Consolidated/ Separate financial statement			
	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Unit trust	123,902.91	122,760.35	55,400,746.10	55,571,264.84
Unrealize gain (loss) in short – term investments	(1,142.56)	-	170,518.74	-
Net	122,760.35	122,760.35	55,571,264.84	55,571,264.84

The movement of short – term investments for the year ended on December 31, 2017 is as follow:-

(Unit: Baht)

Beginning book value	55,571,264.84
Purchase during the year	219,630,000.00
Disposal during the year	(275,077,361.93)
Changes in fair value of short – term investments	(1,142.56)
Ending book value	122,760.35

7. Trade and other receivables - related parties

Outstanding trade and other receivables - related parties can be aged as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivables				
Within credit term	1,920,182.69	5,061.00	16,826,044.97	1,071,481.11
Overdue 1 month to 3 months	863,112.75	196,440.31	4,874,344.91	196,440.31
Overdue 3 months to 6 months	-	682,812.39	10,700.00	682,812.39
Overdue 6 months to 12 months	-	-	122,652.34	-
Overdue over 12 months	-	-	-	-
Total	2,783,295.44	884,313.70	21,833,742.22	1,950,733.81
Accrued interest income	-	-	14,657.54	1,740,949.66
Total trade and other receivables	2,783,295.44	884,313.70	21,848,399.76	3,691,683.47

8. Trade and other receivable - third parties

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Post dated cheques	2,141,947.01	-	953,659.83	-
Trade receivables	87,699,726.79	135,118,172.19	64,677,127.31	132,105,357.49
Total	89,841,673.80	135,118,172.19	65,630,787.14	132,105,357.49
<u>Less</u> Allowance for doubtful debts	(15,348,636.56)	(13,149,710.04)	(15,250,854.06)	(13,149,710.04)
Net	74,493,037.24	121,968,462.15	50,379,933.08	118,955,647.45
Other receivables	851,475.30	808,831.24	693,349.91	812,444.07
Revenue Department receivable	-	644,658.72	-	-
Prepaid expense	1,995,238.38	1,570,725.38	1,885,769.23	1,371,899.51
Receivable from risk management	-	648,400.00	-	648,400.00
Undue input vat	1,158,501.97	3,947,205.28	421,492.52	3,502,435.39
Accrued revenue	13,734,848.31	-	-	-
Deposit payment	30,648,833.45	13,358,602.57	30,648,833.45	12,371,902.57
Advance payment	446,245.71	1,332,262.24	446,245.71	1,282,512.24
Total	48,835,143.12	22,310,685.43	34,095,690.82	19,989,593.78
<u>Less</u> Allowance for doubtful debts	(171,972.76)	-	(171,972.76)	-
Net	48,663,170.36	22,310,685.43	33,923,718.06	19,989,593.78
Total trade and other receivables	123,156,207.60	144,279,147.58	84,303,651.14	138,945,241.23

Outstanding trade receivable - third parties can be aged as follows:

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Within credit term	37,413,353.40	64,023,870.51	18,338,520.97	61,011,055.81
Overdue 1 month to 3 months	19,359,245.66	35,495,060.95	14,418,756.43	35,495,060.95
Overdue 3 months to 6 months	12,425,392.94	17,129,198.20	12,425,392.94	17,129,198.20
Overdue 6 months to 12 months	6,674,829.60	7,852,606.96	6,479,264.60	7,852,606.96
Overdue over 12 months	13,968,852.20	10,617,435.57	13,968,852.20	10,617,435.57
Total	89,841,673.80	135,118,172.19	65,630,787.14	132,105,357.49
<u>Less</u> Allowance for doubtful debts	(15,348,636.56)	(13,149,710.04)	(15,250,854.06)	(13,149,710.04)
Net	74,493,037.24	121,968,462.15	50,379,933.08	118,955,647.45

The movement of allowance for doubtful debts - trade receivable third parties for the year ended December 31, 2017 and 2016 are as follows:

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Opening balance	(13,149,710.04)	(12,367,775.70)	(13,149,710.04)	(12,367,775.70)
Allowance increased during the year	(2,198,926.52)	(781,934.34)	(2,101,144.02)	(781,934.34)
Collected during the year	-	-	-	-
Ending balance	(15,348,636.56)	(13,149,710.04)	(15,250,854.06)	(13,149,710.04)

The movement of allowance for doubtful debts – Others receivable third parties for the year ended December 31, 2017 and 2016 are as follows:

			(Unit : Baht)	
	Consolidated/ Separate financial		statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Opening balance	-	-	-	-
Allowance increased during the year	(171,972.76)	-	(171,972.76)	-
Collected during the year	-	-	-	-
Ending balance	(171,972.76)	-	(171,972.76)	-

9. Finance lease receivables

Consisted of:-

	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Receivables of financial lease contracts	19,812,516.11	17,208,285.04	610,689.13	963,156.48
<u>Less</u> Current portion	(16,980,684.76)	(8,257,377.79)	(498,809.21)	(440,030.25)
Net	2,831,831.35	8,950,907.25	111,879.92	523,126.23

Finance lease receivables - minimum lease payments receivable as follows:

	Consolidated			Separate financial statement		
	2017					
	Finance lease <u>receivables</u>	Unearned finance <u>income</u>	<u>Net</u>	Finance lease <u>receivables</u>	Unearned finance <u>income</u>	<u>Net</u>
Not later than 1 year	18,166,297.55	(1,185,612.79)	16,980,684.76	594,323.74	(95,514.53)	498,809.21
Later than 1 year but not later than 5 years	3,099,946.81	(268,115.46)	2,831,831.35	209,116.80	(97,236.88)	111,879.92
Total	21,266,244.36	(1,453,728.25)	19,812,516.11	803,440.54	(192,751.41)	610,689.13

	Consolidated			Separate financial statement		
	2016					
	Finance lease <u>receivables</u>	Unearned finance <u>income</u>	<u>Net</u>	Finance lease <u>receivables</u>	Unearned finance <u>income</u>	<u>Net</u>
Not later than 1 year	10,887,945.12	(2,630,567.33)	8,257,377.79	574,654.20	(134,623.95)	440,030.25
Later than 1 year but not later than 5 years	10,261,909.58	(1,311,002.33)	8,950,907.25	715,877.54	(192,751.31)	523,126.23
Total	21,149,854.70	(3,941,569.66)	17,208,285.04	1,290,531.74	(327,375.26)	963,156.48

As at December 31, 2017, the Group performs the contract of long term financial leased with several customers so as to lease goods by number of 14 contracts (2016 : number of 10 contracts). The leased contracts determine leased fee repayment as monthly installment from Baht 7,597.79 to Baht 322,510.00 per month (2016 : from Baht 7,597.79 to Bath 322,510.00). The leased period is carried from 1 year to 7 years (2016 : from 1 year to 7 year). In addition, ownership of such goods will be transferred to ownership of the customers when the Group receives the payments of final installment in accordance with the leased contract.

10. Inventories

Consisted of:-

(Unit : Baht)

	Consolidated					
	2017			2016		
	Cost	Allowance for diminution in value of inventory	Net	Cost	Allowance for diminution in value of inventory	Net
Finished goods	217,967,821.43	(22,746,025.28)	195,221,796.15	146,980,324.01	(6,020,938.87)	140,959,385.14
Raw materials	30,972,243.99	(12,609,044.99)	18,363,199.00	26,599,123.73	(9,223,760.00)	17,375,363.73
Goods in transit	16,550,980.84	-	16,550,980.84	25,289,271.51	-	25,289,271.51
Total	265,491,046.26	(35,355,070.27)	230,135,975.99	198,868,719.25	(15,244,698.87)	183,624,020.38

(Unit : Baht)

	Separate financial statement					
	2017			2016		
	Cost	Allowance for diminution in value of inventory	Net	Cost	Allowance for diminution in value of inventory	Net
Finished goods	217,571,632.52	(22,739,211.97)	194,832,420.55	148,118,288.25	(6,020,938.87)	142,097,349.38
Raw materials	30,972,243.99	(12,609,044.99)	18,363,199.00	26,599,123.73	(9,223,760.00)	17,375,363.73
Goods in transit	16,474,980.84	-	16,474,980.84	25,289,271.51	-	25,289,271.51
Total	265,018,857.35	(35,348,256.96)	229,670,600.39	200,006,683.49	(15,244,698.87)	184,761,984.62

The movement of allowance for diminutions in value of inventories for the year ended December 31, 2017 and 2016 are as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Beginning balance	(15,244,698.87)	(10,658,263.00)	(15,244,698.87)	(10,658,263.00)
Additional during the year	(20,110,371.40)	(4,586,435.87)	(20,103,558.09)	(4,586,435.87)
Reversal during the year	-	-	-	-
Ending balance	(35,355,070.27)	(15,244,698.87)	(35,348,256.96)	(15,244,698.87)

For the years ended December 31, 2017, the costs of inventories recognized as expenses are Baht 290.72 million and Baht 285.41 millions in the consolidated and separate financial statement, respectively (2016 : Baht 526.67 millions and Baht 544.60 millions in the consolidated and separate financial statements, respectively).

For the years ended December 31, 2017, the Group hasn't reversed allowance for diminutions in the value of inventories

As at December 31, 2017, the some inventories with the carrying amount of Baht 31.20 million in the consolidated and separate financial statement are expected to be sold more than twelve months after the reporting period (2016 : Baht 20.02 million in the consolidated and separate financial statement).

11. Deposits at financial institutions pledged as collateral

As at December 31, 2017 and 2016, the restricted bank deposits are fixed deposit used to guarantee credit and obligation with commercial bank as mentioned in the note to financial statement 16, 19 and 31.

12. Investments in subsidiary

The composition of the Group in the consolidated financial statements and the carrying value of investment in subsidiaries in the separate financial statement can be summarized as follows:-

<u>Name of subsidiary</u>	<u>Paid-up capital ('000 Baht)</u>		<u>Investment portion (%)</u>		<u>Cost method ('000 Baht)</u>		<u>Dividends ('000 Baht)</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Subsidiary don't having non-controlling interests</u>								
Innov Green Solutions Co., Ltd.	30,000	1,000	100	100	30,255	1,261	-	-
Total					30,255	1,261	-	-

The Board of Directors' Meeting no.1/2017 with held on February 23, 2017, has resolution in approval to increase the authorized share capital of subsidiary from Baht 1.00 million to Baht 30.00 million by issuing new 290,000 ordinary shares with a par value of Baht 100.00 totaling Baht 29.00 million. The subsidiary had registered the increment of capital with the Ministry of Commerce, effective on March 16, 2017.

Consisted of:-

Depreciation in the statement of comprehensive income for the year ended December 31, 2017

	Consolidated						(Unit : Baht)	
	Building							
	Land	improvement and utility system	Machine and factory equipment	Assets for rent	Figure and office equipment	Motor vehicle	Assets under construction	Total
Cost:-								
As at January 1, 2016	900,000.00	20,980,371.59	43,682,084.53	10,915,616.46	7,905,981.91	8,881,788.97	95,357.78	93,361,201.24
Addition	-	1,865,393.83	375,937.24	347,684.04	2,609,177.27	4,868,634.48	1,658,077.73	11,724,904.59
Transfer in	-	-	-	-	-	-	-	-
Disposal	-	-	(8,960.00)	(760,057.73)	(226,650.53)	(1,239,087.98)	-	(2,234,756.24)
Transfer out	-	-	-	-	-	-	-	-
Written – off	-	(6,400.00)	(154,972.55)	(877,660.68)	(512,112.08)	(29,500.00)	-	(1,580,645.31)
As at December 31, 2016	900,000.00	22,839,365.42	43,894,089.22	9,625,582.09	9,776,396.57	12,481,835.47	1,753,435.51	101,270,704.28
Accumulated depreciation:-								
As at January 1, 2016	-	(15,075,060.00)	(10,933,956.40)	(3,600,047.41)	(5,129,652.23)	(3,922,612.44)	-	(38,661,328.48)
Depreciation charge	-	(1,594,629.84)	(5,339,415.08)	(1,848,992.48)	(1,180,613.43)	(1,682,645.85)	-	(11,646,296.68)
Disposal	-	-	2,622.21	474,428.23	147,829.22	935,834.92	-	1,560,714.58
Transfer in	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-
Written – off	-	4,836.08	106,381.14	607,085.52	444,958.02	14,264.95	-	1,177,525.71
As at December 31, 2016	-	(16,664,853.76)	(16,164,368.13)	(4,367,526.14)	(5,717,478.42)	(4,655,158.42)	-	(47,569,384.87)
Allowance for impairment:-								
As at January 1, 2016	-	-	(418,829.85)	-	-	-	-	(418,829.85)
Addition	-	-	(3,590,040.81)	-	-	-	-	(3,590,040.81)
As at December 31, 2016	-	-	(4,008,870.66)	-	-	-	-	(4,008,870.66)
Net book value:-								
As at December 31, 2016	900,000.00	6,174,511.66	23,720,850.43	5,258,055.95	4,058,918.15	7,826,677.05	1,753,435.51	49,692,448.75
Depreciation in the statement of comprehensive income for the year ended December 31, 2016								
								11,646,296.68

(Unit : Baht)

Separate financial statement

	Land	Building improvement and utility system	Machine and factory equipment	Assets for rent	Figure and office equipment	Motor vehicle	Assets under construction	Total
Cost:-								
As at January 1, 2016	900,000.00	20,980,371.59	38,279,208.42	9,887,551.03	7,892,510.26	8,881,788.97	390,500.00	87,211,930.27
Addition	-	699,410.00	314,857.24	347,684.04	2,166,476.79	4,868,634.48	1,362,936.14	9,759,998.69
Transfer in	-	-	-	-	-	-	-	-
Disposal	-	-	(8,960.00)	(760,057.73)	(226,650.53)	(1,239,087.98)	-	(2,234,756.24)
Transfer out	-	-	-	-	-	-	-	-
Written – off	-	(6,400.00)	(154,972.55)	(877,660.68)	(512,112.08)	(29,500.00)	-	(1,580,645.31)
As at December 31, 2016	900,000.00	21,673,381.59	38,430,133.11	8,597,516.66	9,320,224.44	12,481,835.47	1,753,436.14	93,156,527.41
Accumulated depreciation:-								
As at January 1, 2016	-	(15,075,060.00)	(10,676,733.88)	(3,306,239.61)	(5,142,943.26)	(3,922,612.44)	-	(38,123,589.19)
Depreciation charge	-	(1,538,353.96)	(5,186,158.31)	(1,845,417.59)	(1,139,147.27)	(1,682,645.85)	-	(11,391,722.98)
Disposal	-	-	2,622.21	474,428.23	147,829.22	935,834.92	-	1,560,714.58
Transfer in	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-
Written – off	-	4,836.08	106,381.14	607,085.52	444,958.02	14,264.95	-	1,177,525.71
As at December 31, 2016	-	(16,608,577.88)	(15,753,888.84)	(4,070,143.45)	(5,689,303.29)	(4,655,158.42)	-	(46,777,071.88)
Allowance for impairment:-								
As at January 1, 2016	-	-	(418,829.85)	-	-	-	-	(418,829.85)
Addition	-	-	(358,232.05)	-	-	-	-	(358,232.05)
As at December 31, 2016	-	-	(777,061.90)	-	-	-	-	(777,061.90)
Net book value:-								
As at December 31, 2016	900,000.00	5,064,803.71	21,899,182.37	4,527,373.21	3,630,921.15	7,826,677.05	1,753,436.14	45,602,393.63
Depreciation in the statement of comprehensive income for the year ended December 31, 2016								11,391,722.98

As at December 31, 2017, certain plant and equipment items of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 23.75 millions (2016: Baht 8.40 million).

As at December 31, 2017 The Company has pledged the land plus property and equipment in original cost of Baht 4.09 million (2016: Baht 4.82 million) to guarantee against credit facility of the Company that receives from a commercial bank in amount of Baht 532.50 million.

Assets under finance leases, where the Company are lessee, which are included in the above list includes vehicles and machinery with net book value as at December 31, 2017 of Baht 6.59 million and Baht 1.85 million, respectively,(2016 : vehicles Baht 5.20 million).

14. Intangible assets

Consisted of:-

	(Unit : Baht)		
	Consolidated		
	Computer software	Computer software Under installation	Total
Cost :-			
As at January 1, 2017	11,446,753.43	2,764,500.00	14,211,253.43
Purchase	564,593.00	1,166,000.00	1,730,593.00
Transfer in	612,000.00	-	612,000.00
Transfer out	-	(612,000.00)	(612,000.00)
As at December 31, 2017	12,623,346.43	3,318,500.00	15,941,846.43
Accumulated amortization :-			
As at January 1, 2017	(8,167,310.36)	-	(8,167,310.36)
Amortization for the year	(1,099,636.61)	-	(1,099,636.61)
Transfer out	-	-	-
As at December 31, 2017	(9,266,946.97)	-	(9,266,946.97)
Net book value :-			
As at December 31, 2017	3,356,399.46	3,318,500.00	6,674,899.46
Amortization charges for the year ended December 31, 2017			1,099,636.61

(Unit : Baht)

	Consolidated		
	Computer		Total
	Computer software	software Under installation	
Cost :-			
As at January 1, 2016	10,050,503.43	480,000.00	10,530,503.43
Purchase	1,396,250.00	2,284,500.00	3,680,750.00
Transfer in	-	-	-
Transfer out	-	-	-
As at December 31, 2016	11,446,753.43	2,764,500.00	14,211,253.43
Accumulated amortization :-			
As at January 1, 2016	(7,329,545.35)	-	(7,329,545.35)
Amortization for the year	(837,765.01)	-	(837,765.01)
Transfer out	-	-	-
As at December 31, 2016	(8,167,310.36)	-	(8,167,310.36)
Net book value :-			
As at December 31, 2016	3,279,443.07	2,764,500.00	6,043,943.07
Amortization charges for the year ended December 31, 2016			837,765.01

(Unit : Baht)

	Separate financial statements		
	Computer		Total
	Computer software	software Under installation	
Cost :-			
As at January 1, 2017	11,343,431.00	1,639,500.00	12,982,931.00
Purchase	414,593.00	751,000.00	1,165,593.00
Transfer in	612,000.00	-	612,000.00
Transfer out	-	(612,000.00)	(612,000.00)
As at December 31, 2017	12,370,024.00	1,778,500.00	14,148,524.00
Accumulated amortization :-			
As at January 1, 2017	(8,155,344.59)	-	(8,155,344.59)
Amortization for the year	(1,077,636.51)	-	(1,077,636.51)
Transfer out	-	-	-
As at December 31, 2017	(9,232,981.10)	-	(9,232,981.10)
Net book value :-			
As at December 31, 2017	3,137,042.90	1,778,500.00	4,915,542.90
Amortization charges for the year ended December 31, 2017			1,077,636.51

(Unit : Baht)

	Separate financial statements		
	Computer software		Total
	Computer software	Under installation	
Cost :-			
As at January 1, 2016	10,033,681.00	480,000.00	10,513,681.00
Purchase	1,309,750.00	1,159,500.00	2,469,250.00
Transfer in	-	-	-
Transfer out	-	-	-
As at December 31, 2016	11,343,431.00	1,639,500.00	12,982,931.00
Accumulated amortization :-			
As at January 1, 2016	(7,322,116.30)	-	(7,322,116.30)
Amortization for the year	(833,228.29)	-	(833,228.29)
Transfer out	-	-	-
As at December 31, 2016	(8,155,344.59)	-	(8,155,344.59)
Net book value :-			
As at December 31, 2016	3,188,086.41	1,639,500.00	4,827,586.41

Amortization charges for the year ended December 31, 2016

833,228.29

As at December 31, 2017, certain intangible assets items of the Company have been fully amortized but are still in use. The original cost, before deducting accumulated amortization, of those assets amounted to Baht 6.79 millions (2016: Baht 6.32 million).

15. Deferred tax assets/liabilities

The movements of deferred tax assets and liabilities for the year ended December 31, 2017 and 2016, are as follows:-

(Unit : Baht)

	Consolidated						
	January 1, 2016	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2016	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2017
Trade and other receivable	2,473,555.14	156,386.88	-	2,629,942.02	19,556.50	-	2,649,498.52
Property, plant and equipment	(59,818.39)	924,757.51	-	864,939.12	(260,085.91)	-	604,853.21
Inventories	2,131,652.60	917,287.17	-	3,048,939.77	1,362.66	-	3,050,302.43
Finance lease receivables	(29,315.91)	(79,385.32)	-	(108,701.23)	(56,678.19)	-	(165,379.42)
Provision for warranty	606,933.91	275,581.87	-	882,515.78	(7,517.07)	-	874,998.71
Employee benefit	314,194.40	63,794.89	-	377,989.29	2,497.59	163,541.05	544,027.93
Total	5,437,201.75	2,258,423.00	-	7,695,624.75	(300,864.42)	163,541.05	7,558,301.38

(Unit : Baht)

	Separate financial statement						
	January 1, 2016	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2016	Recognized in profit or loss	Recognized in comprehensive income	December 31, 2017
Trade and other receivable	2,473,555.14	156,386.88	-	2,629,942.02	-	-	2,629,942.02
Property, plant and equipment	(59,818.39)	278,395.76	-	218,577.37	(583,266.79)	-	(364,689.42)
Inventories	2,131,652.60	917,287.17	-	3,048,939.77	-	-	3,048,939.77
Finance lease receivables	(29,315.91)	22,775.43	-	(6,540.48)	4,770.44	-	(1,770.04)
Provision for warranty	606,933.91	275,581.87	-	882,515.78	(387,917.07)	-	494,598.71
Employee benefit	314,194.40	60,457.74	-	374,652.14	-	-	374,652.14
Total	5,437,201.75	1,710,884.85	-	7,148,086.60	(966,413.42)	-	6,181,673.18

The Group offsets the deferred tax assets and liabilities for the presentation in the statement of financial position only in a case where such assets and liabilities relates to the same taxable company and the income tax is levied by the same taxation authority, as follows :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	2017	2016	2017	2016
Amount recognized as assets/liabilities in the statement of financial position				
- Deferred tax assets	7,558,301.38	7,695,624.75	6,181,673.18	7,148,086.60
- Deferred tax liabilities	-	-	-	-
Total	7,558,301.38	7,695,624.75	6,181,673.18	7,148,086.60

The deferred tax asset is not recognized in the statement of financial position; consisted of :-

		(Unit : Baht)	
		Consolidated/Separate financial statement	
		<u>2017</u>	<u>2016</u>
Unused tax losses			
-	Expire in next 1 year	12,681,986.28	-
-	Expire in next 2 – 12 years	-	-
Temporary differences		6,123,567.02	-
Total		18,805,553.30	-

The deferred tax assets and liabilities, which is not recognized in the statement of financial position, arises from undistributed profits associated with investments in subsidiaries, joint ventures and associates; consisted of :-

		(Unit : Baht)	
		Consolidated	
		<u>2017</u>	<u>2016</u>
Deferred tax assets are not recognized :			
-	Subsidiaries	(1,265,145.97)	675,211.41
Total		(1,265,145.97)	675,211.41

16. Short-term loans from financial institutions

Consisted of:-

		(Unit : Baht)			
		Consolidated		Separate financial statement	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bank over draft		43,505,793.17	-	43,505,793.17	-
Short-term loans		57,640,214.45	-	57,640,214.45	-
Trust receipt payable		69,882,825.63	2,185,243.02	69,882,825.63	2,185,243.02
Total		171,028,833.25	2,185,243.02	171,028,833.25	2,185,243.02

As at December 31, 2017, the Group held bank overdraft and short – term loans from financial institutions amounting of Baht 485.10 million (2016: Baht 323.00 million). Interest rate is MLR, MLR – 1.00%, MOR, MOR – 1.50% (2016: interest rate is MLR – 0.25%, MOR, MOR – 1.50% and MRR per annum)

Such the line of bank overdrafts and short-term borrowings from financial institutions are secured by bank deposits described in Note 11 to the financial statements, land and buildings described in Note 13.

17. Trade and other payable - third parties

Consisted of:-

			(Unit : Baht)	
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Advance Cheque	13,196.00	-	-	-
Trade payables	48,552,085.62	134,130,090.77	36,746,795.43	133,545,567.41
Asset payable	2,217,863.22	-	29,804.85	-
Deposit	620,597.13	1,774,655.18	620,597.13	1,483,095.18
Accrued expenses	4,483,248.43	8,545,923.01	2,070,397.23	1,959,305.77
Vat not yet due	974,334.87	-	-	-
Other payables	15,334,658.48	8,755,774.68	15,171,688.64	9,264,560.94
Advanced received income	1,688,013.90	1,528,838.31	1,688,013.90	1,528,838.31
Total	73,883,997.65	154,735,281.95	56,327,297.18	147,781,367.61

18. Provision for warranty

As at December 31, 2017 and 2016, the provision of Baht 5.47 million and Baht 4.41 million, in the consolidated and separate financial statements, respectively, has been recognized for expected warranty claims on goods sold. The Group is expected that the majority of this expenditure will be incurred in the next financial year, and all will be incurred within 1 - 2 years of statements of financial position date.

The movement of provision for warranty for the year ended December 31, 2017 and 2016 are as follows:-

			(Unit : Baht)	
	Consolidated		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
As at January 1,	4,412,578.92	3,034,669.56	4,412,578.92	3,034,669.56
Increase during the year	6,296,098.30	5,237,806.43	4,394,098.30	5,237,806.43
Utilized during the year	-	-	-	-
Unused amount reversed during the year.	(5,240,965.61)	(3,859,897.07)	(5,240,965.61)	(3,859,897.07)
As at December 31,	5,467,711.61	4,412,578.92	3,565,711.61	4,412,578.92

Long-term provision for warranty – minimum payments:-

(Unit : Baht)

	Consolidated		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Within 1 years	3,565,711.61	4,412,578.92	3,565,711.61	4,412,578.92
Within 2 year – 5 years	1,902,000.00	-	-	-
Total	5,467,711.61	4,412,578.92	3,565,711.61	4,412,578.92

19. Long-term loans from financial institutions

Consisted of:-

(Unit : Baht)

	Consolidated / Separate financial statement	
	<u>2017</u>	<u>2016</u>
Long-term loans from financial institutions balance	24,692.40	127,232.09
<u>Less</u> Current portion	(24,692.40)	(102,201.83)
Net	-	25,030.26

Summary of long-term loans included their interest rate and term payment as follow :-

Credit facility						
(Baht million)						
<u>Commercial Bank</u>	<u>2017</u>	<u>2016</u>	<u>Period</u>	<u>Interest Rate</u>	<u>Term payment</u>	<u>Mortgage Securities</u>
The 1 st credit facility	0.30	0.30	March 2015	MLR	Principal repayment in monthly	Fixed deposit
line			- March 2018		total issued in 36 installments.	
					The first installment is	
					repayable in March 2015.	

Obligation under Long-term loans - minimum lease payments as follows:-

(Unit : Baht)

	Consolidated/Separate financial statement	
	<u>2017</u>	<u>2016</u>
Not later than 1 year	24,692.40	102,201.83
2 - 5 years	-	25,030.26
Total	24,692.40	127,232.09

20. Obligation under finance lease

Obligation under finance lease - minimum lease payments as follows:

(Unit : Baht)

	Consolidated /Separate financial statement					
	2017			2016		
	Obligation under finance lease	Deferred finance lease charges	Net	Obligation under finance lease	Deferred finance lease charges	Net
Not later than 1 year	2,922,215.14	(247,675.84)	2,674,539.30	2,135,613.21	(267,980.18)	1,867,633.03
Later than 1 year but not later than 5 years	2,827,944.34	(112,962.26)	2,714,982.08	3,273,268.29	(206,918.96)	3,066,349.33
Total	5,750,159.48	(360,638.10)	5,389,521.38	5,408,881.50	(474,899.14)	4,933,982.36

As at December 31, 2017, the Company has entered into the contract of long term financial leased with several leasing companies so as to lease vehicles by number of 16 contracts and machine by number of 1 contract (2016 : vehicles number of 15 contracts). The leased contracts determine leased fee repayment as monthly installment from Baht 7,430.00 to Baht 89,620.00 per month (2016: Baht 7,430.00 to Baht 23,887.00 per month). The leased period is carried from 2 years to 4 years (2016: 3 years to 4 years). Such leased contract comprises the Company's shareholders and directors as guarantors. In addition, ownership of such vehicles will transfer to ownership of the Company when the Company pays the final installment in accordance with the leased contract.

21. Employee benefit obligation

Changes in the present value of the employee benefit obligation in case of retirement or termination under the labor law for the year ended December 31, 2017 and 2016 are as follows:

(Unit : Baht)

	Consolidated		Separate financial statement	
	2017	2016	2017	2016
Opening defined benefit balance	1,889,945.28	1,575,033.52	1,873,260.72	1,570,972.04
Current service cost	261,894.12	261,224.71	249,406.16	249,140.68
Interest cost	60,092.89	53,687.05	59,118.53	53,148.00
Actuarial gains and losses arising from change in demographic assumption	3,337,919.36	-	3,336,737.34	-
Actuarial gains and losses arising from change in financial assumption	(245,996.04)	-	(245,988.41)	-
Actuarial gains and losses arising from change in experience adjustment	1,278,122.53	-	461,591.65	-
Benefit paid	-	-	-	-
Closing defined benefit balance	6,581,978.14	1,889,945.28	5,734,125.99	1,873,260.72

Principal actuarial assumptions as at December 31, 2017 and 2016 are as follows :

	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate at end of year	3.11,3.03	2.92 , 3.34	3.11	2.92
Future salary growth	6.00,5.00	7.54	6.00	7.54
Proportion of employees opting for early retirement	2.87-40.11	0 – 53	3.34-40.11	0 - 53

As at December 31, 2017 and 2016, changes in the actuarial assumption will affect to the employee benefit obligation as follows:

	Consolidated		Separate financial statement	
	Employee benefit obligation		Increase (decrease)	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
If the discount rate increase 0.50%	(474,914.00)	(89,800.00)	(407,670.00)	(87,687.00)
If the discount rate decrease 0.50%	517,677.00	95,497.00	443,961.00	93,210.00
If the future salary growth increase 0.50%	505,676.00	110,182.00	433,016.50	107,743.00
If the future salary growth decrease 0.50%	(435,325.50)	(104,115.00)	(373,408.50)	(101,850.00)
If the proportion of employees opting for early retirement increase 0.50%	(415,073.20)	(131,749.00)	(356,288.80)	(128,856.00)
If the proportion of employees opting for early retirement decrease 0.50%	467,361.80	141,611.00	(402,341.80)	138,427.00

The Group expect to pay Baht 0.19 million of long-term employee benefits during the next year in consolidated and separate financial statement

As at December 31, 2017, the weighted average duration of the liabilities for long-term employee benefit of the company and its subsidiaries are 16 – 17 years in consolidated and 16 years in separate financial statement (2016 : 13 – 17 years in consolidated and 13 years in separate financial statement)

22. Share capital

The movement of share capital for the year ended December 31, 2017 and 2016 are as follows:

	Number of share (Unit : share)	Amount (Unit : Baht)
Registered share capital (Baht 0.25 per share)		
As at January 1, 2016	480,000,000	120,000,000.00
Increment of capital during the year	-	-
As at December 31, 2016	480,000,000	120,000,000.00
Increment of capital during the year	-	-
As at December 31, 2017	480,000,000	120,000,000.00
	Number of share (Unit : share)	Amount (Unit : Baht)
Paid-up share capital (Baht 0.25 per share)		
As at January 1, 2016	480,000,000	120,000,000.00
Increment of capital during the year	-	-
As at December 31, 2016	480,000,000	120,000,000.00
Increment of capital during the year	-	-
As at December 31, 2017	480,000,000	120,000,000.00

The capital management

The Group constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Group will maintain capital in the level with the least risk.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

23. Legal reserve

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. This reserve is not available for dividend distribution.

24. Income tax expense

The income tax expenses recognized in profit (loss) for the year ended December 31, 2017 and 2016, are as follow:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current tax expense	293,254.20	22,261,667.00	-	22,261,667.28
Deferred tax expense relating to the origination and reversal of temporary differences	300,864.42	(2,258,423.00)	966,413.42	(1,710,884.85)
Total income tax expense recognized in profit or loss	594,118.62	20,003,244.00	966,413.42	20,550,782.43

The relationship between tax expense and accounting profit (loss) for the year ended December 31, 2017 and 2016, are as follow:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit (loss)	(83,641,982.08)	106,998,428.84	(90,755,777.85)	110,823,029.96
Tax rate used	20%	20%	20%	20%
Tax at the applicable tax rate	(16,728,396.42)	21,399,685.77	(18,151,155.57)	22,164,605.99
Temporary difference not recognized as a deferred tax asset	6,123,567.02	-	6,330,228.33	-
Expenses that are not deductible in determining taxation profit	107,909.63	5,959.67	105,354.38	-
Expenses that are deductible in determining taxation profit	-	(114,459.04)	-	(94,768.03)
Revenues that are granted income tax	-	(1,519,055.53)	-	(1,519,055.53)
Tax loss carry forward not recognized as a deferred tax asset	(1,590,947.89)	-	-	-
Loss from operation for the period	12,681,986.28	231,113.13	12,681,986.28	-
Income tax expense	594,118.62	20,003,244.00	966,413.42	20,550,782.43

Tax rate	<u>2017</u>	<u>2016</u>
- The Company and subsidiary		
- Profit of non-BOI business	20%	20%
- Profit of BOI business		
- Exemption from taxation	-	-
- Reduction of tax 50%	10%	10%

The income tax expenses (income) recognized in other comprehensive income for the year ended December 31, 2017 and 2016 are as follow:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax				
Gains(loss) on available-for-sale investments	(163,541.05)	-	-	-
Total income tax expense (income) recognized in other comprehensive income	(163,541.05)	-	-	-

25. Earnings (loss) per share

Basic (loss) earnings per share are calculated by dividing the profit or loss for the periods attributable to shareholders (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the periods.

26. Dividend paid

In accordance with the minute of the ordinary shareholders meeting for the year 2017 held on April 20, 2017, the shareholders approved the payment of annual dividend for the year 2016 of Baht 0.0754 per share in total amount of Baht 36.19 million. The Company has already made the interim dividend payment for the first six-month operating result at Baht 0.0300 per share, aggregating to Baht 14.40 million. Therefore, the balance of the dividend payment to be paid is Baht 0.0454 per share, aggregating to Baht 21.79 million. The Company paid such dividend in May 2017 (2016 : Baht 24.00 million).

27. Supplemental disclosures of cash flow information

27.1 Cash and cash equivalents consist of :-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash on hand and tax coupon	662,582.36	343,546.54	656,711.36	330,866.54
Cash deposits-Saving accounts	980,057.09	13,912,592.56	974,835.92	13,907,390.41
Cash deposits-Current accounts	5,997,653.52	16,952,204.95	3,048,711.41	16,296,550.36
Fixed deposits	3,226,570.65	16,232,495.69	3,193,517.05	16,219,625.69
Total	10,866,863.62	47,440,839.74	7,873,775.74	46,754,433.00

27.2 Non-cash items are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Purchase building and equipment but not yet paid	2,067,863.22	-	29,804.85	-
Purchase intangible but not yet paid	150,000.00	1,027,500.00	-	1,027,500.00
Purchase assets by leased	2,598,831.77	4,868,634.48	2,598,831.77	4,868,634.48
Transfer of an inventory to equipment	517,681.13	-	454,681.13	-

28. Employee benefit

28.1 Provident fund

For the year ended December 31, 2017, the Group recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 1.15 million and Baht 1.04 million in consolidated and separate financial statement, respectively (2016 : Baht 0.85 million and Baht 0.85 million in consolidated and separate financial statement, respectively).

28.2 Retirement employee benefit

For the year ended December 31, 2017 and 2016, the Group recognizes the employee benefit expense in case of retirement or termination under the labor law, as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Amounts recognized in profit or loss				
Current service cost	261,894.12	261,224.71	249,406.64	249,140.68
Interest cost	60,092.89	53,687.05	59,118.05	53,148.00
Total amounts recognized in profit or loss	321,987.01	314,911.76	308,524.69	302,288.68
Amounts recognized in other comprehensive income				
Actuarial gains and losses arising from change in demographic assumption	3,337,919.36	-	3,336,737.34	-
Actuarial gains and losses arising from change in financial assumption	(245,996.03)	-	(245,988.41)	-
Actuarial gains and losses arising from change in experience adjustment	1,278,122.52	-	461,591.65	-
Total amounts recognized in other comprehensive income	4,370,045.85	-	3,552,340.58	-
Total	4,692,032.86	314,911.76	3,860,865.27	302,288.68

An item of the employee benefit expense in case of retirement or termination under the labor law for the year ended December 31, 2017 and 2016 are inclusively presented in the line items, as follows :

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	13,050.34	13,633.42	13,050.34	13,633.42
Selling expenses	51,576.39	58,522.22	51,538.95	57,983.22
Administrative expenses	54,723.04	67,843.12	54,722.56	55,759.04
Management benefit expenses	202,637.24	174,913.00	189,212.84	174,913.00
Total	321,987.01	314,911.76	308,524.69	302,288.68

29. Employee joint investment program

Details of the first program employee joint investment program are as follows:

Approved by	: In accordance with Meeting of The Board of Directors No. 7/2016
Duration of the scheme	: 4 years, from February 1, 2017 to January 31, 2021
Detail of contributions	: Employees contribute 3 percent of their monthly base salary and the Group additionally contribute 3 percent of employees' monthly base salary
Program management	: TISCO Asset Management Company Limited

Details of the second employee joint investment program for executive directors are as follows:

Approved by	: In accordance with The annual ordinary general meeting of shareholders of 2017
Duration of the scheme	: 4 years, from February 1, 2017 to January 31, 2021
Detail of contributions	: Directors contribute 3 percent and the Group additionally contribute 3 percent of their monthly base salary.
Program management	: TISCO Asset Management Company Limited

For the year ended December 31, 2017, the Group contributed the joint investment program for employee and executive directors in the amount of Baht 0.41 million.

30. Expenses by nature

The following expenditure items of expense have been classified by nature:

(Unit : Baht)

	Consolidated		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Change in finished goods and work in process	(75,360,617.68)	33,571,577.26	(73,826,464.53)	38,567,085.89
Purchased finished goods	371,141,791.01	470,437,406.55	360,220,350.70	451,727,317.46
Staff cost	108,499,168.00	109,852,632.41	106,656,443.84	107,782,978.41
Transportation expense	23,456,102.09	19,291,315.26	23,456,102.09	19,291,315.26
Management benefit expenses	12,907,447.24	11,181,063.00	11,185,022.84	10,638,063.00
Depreciation and amortization expenses	17,089,007.88	12,484,061.69	16,260,301.41	12,224,951.27
Loss for diminution of inventories (Reversal)	20,110,371.40	4,586,435.87	20,103,558.09	4,586,435.85
Bad debt and doubtful accounts (Reversal)	2,397,298.28	781,934.34	2,299,515.78	781,934.34
Cost of finance	5,646,250.22	1,687,574.27	5,646,250.35	1,633,887.52
Loss impairment of service	10,581,845.98	3,590,040.81	8,965,941.60	358,232.05
Wage and other service	69,119,056.72	11,206,136.98	49,430,444.59	11,028,756.40
Rental	11,344,076.11	8,824,084.54	10,913,676.11	8,692,884.54
Advertising and commission	25,863,793.01	22,614,287.72	25,874,243.91	22,767,949.02

31. Credit line of financial institutions

(Unit: Million Baht)

	Consolidated					
	<u>2017</u>		<u>Available</u>	<u>2016</u>		<u>Available</u>
	<u>Total</u>	<u>Utilized</u>		<u>Total</u>	<u>Utilized</u>	
Credit line of letters of guarantee	8.10	(5.29)	2.81	7.00	(5.00)	2.00
Credit line of bank overdraft	61.10	(43.51)	17.59	41.10	-	41.10
Credit line of short-term loans	424.00	(57.64)	366.36	287.40	(2.19)	285.21
Credit line of long-term loans	0.30	(0.28)	0.02	0.30	(0.13)	0.17
	493.50	(106.72)	386.78	335.80	(7.32)	328.48

(Unit: Million Baht)

	Separate financial statement					
	2017			2016		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Credit line of letters of guarantee	7.10	(5.00)	2.10	7.00	(5.00)	2.00
Credit line of bank overdraft	61.10	(43.51)	17.59	41.10	-	41.10
Credit line of short-term loans	420.00	(57.64)	362.36	282.40	(2.19)	280.21
Credit line of long-term loans	0.30	(0.28)	0.02	0.30	(0.13)	0.17
	488.50	(106.43)	382.07	330.80	(7.32)	323.48

The Group pledged the land plus property, as mentioned in the notes to financial statements No. 13, and bank deposit to financial statements No. 11, as collaterals against the said credit facilities.

32. Operating segments

The Group identified the operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance and shall disclose the amount reported for each operating segment item to be the measure reported to the Group's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

The Group classifies the operating segment in the form of type of business operated. The Group has two operating segments which consist of the sale of products segment and the service of products segment.

The Group measures the profit or loss for each segment from the gross profit excluding the items of other income, interest revenue, gain or loss on exchange rate, other central expenses and finance cost.

The segment operation for the year ended December 31, 2017 and 2016 are as follows :-

	(Unit: Million Baht)					
	Sale of Products		Service of Products		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net outsider sales	458,120,390.78	853,175,039.13	80,341,344.30	28,258,564.93	538,461,735.08	881,433,604.06
Gross profit	107,575,439.75	290,504,642.13	29,511,407.67	20,420,428.58	137,086,847.42	310,925,070.71
Other income					14,890,385.86	7,558,036.53
Selling expenses					(153,492,375.61)	(139,311,431.94)
Administrative expenses					(76,480,589.53)	(70,485,672.19)
Finance cost					(5,646,250.22)	(1,687,574.27)
Net profit (loss) before income tax					(83,641,982.08)	106,998,428.84

The reconciliations of each segment total assets to the Group's assets and other material items.

	(Unit: Million Baht)							
	Sale of Products		Service of Products		Central		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Depreciation	8.54	5.92	1.93	0.69	5.52	5.04	15.99	11.65
Amortization	-	-	-	-	1.10	0.84	1.10	0.84

For the year ended December 31, 2017, the Group has the revenue from sale of goods to 2 major customers in the amount of Baht 129.16 million earned from sale of products segment. (2016 : 2 major customers in the amount of Baht 252.82 million earned from sale of products segment).

Geographical segment information for the year ended December 31, 2017 and 2016 are as follows:-

	(Unit : Baht)					
	Thailand		Consolidated China		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues from external customers	500.41	856.15	38.05	25.28	538.46	881.43
Non-current assets (excluding financial instruments and deferred tax)	121.57	101.72	36.40	26.28	157.97	128.00

33. Financial instruments

The principal financial risks faced by the Group are interest rate risk, credit risk and foreign currency. The Group did not speculate in or engage in trading of any derivative financial instruments.

33.1 Risks from Interest Rates

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow. Risk from interest rates remains due to bank deposit, loans to related parties, credit facilities owing to the commercial bank and related parties. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Group anticipates of non material risk from interest rates.

	Consolidated			
	Amount (Unit : million Baht)		Interest rate per annum (%)	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Saving accounts	0.98	27.30	0.1250%-0.3750%	0.0100%-0.3750%
Fixed deposits	3.23	2.85	0.9000%-1.3750%	1.0000%-1.3900%
Finance lease receivables	19.81	17.21	2.7827%-33.8484%	2.7827%-9.9411%
Deposits pledged as collateral	71.70	50.03	0.9000%-1.1500%	0.9000%-1.1000%
Bank overdrafts	43.51	-	6.1750%-7.3750%	-
Short-term loan from finance institution	57.64	-	5.2500%-5.7750%	-
Trust receipt payable	69.88	2.19	3.5300%-4.7444%	2.7600%-6.1099%
Long-term loan from finance institution	0.02	0.13	7.1250%	7.1250%
Obligation under finance lease	5.39	4.93	4.2693%-6.5984%	4.2690%-6.5980%

	Separate financial statement			
	Amount (Unit : million Baht)		Interest rate per annum (%)	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Saving accounts	0.97	27.29	0.1250%-0.3750%	0.0100%-0.3750%
Fixed deposits	3.19	2.84	0.9000%-1.3750%	1.0000%-1.3900%
Finance lease receivables	0.61	0.96	2.7827%-9.9411%	2.7827%-9.9411%
Deposits pledged as collateral	70.70	49.03	0.9000%-1.1500%	0.9000%-1.1000%
Short-term loan from subsidiary	7.00	25.28	5.0000%	5.0000%
Bank overdrafts	43.51	-	6.1750%-7.3750%	-
Short-term loan from finance institution	57.64	-	5.2500%-5.7750%	-
Trust receipt payable	69.88	2.19	3.5300%-4.7444%	2.7600%-6.1099%
Long-term loan from finance institution	0.02	0.13	7.1250%	7.1250%
Obligation under finance lease	5.39	4.93	4.2693%-6.5984%	4.2690%-6.5980%

33.2 Credit risk

The Group does not expose the risk from credit provision in connection to trade receivable most from the sale of goods whose capability is good at debt repayment. The Group has dealt with these clients for a long time therefore, it is anticipated of non risk derived from non-payment of those trade receivable. Moreover, the Group has no significant concentrations of credit risks.

33.3 Foreign currency risk

The Group constitutes material risk from exchange rates in oversea currencies which has been cash at bank, trade receivable, trade payable and trust receipt that are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract dependent on each case.

As at December 31, 2017 and 2016, the significant outstanding balances of the Group's financial assets and liabilities denominated in foreign currencies are as follow:

2017				
<u>Foreign currency</u>	<u>Consolidated</u>		<u>Separated financial statement</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	227,306.00	3,112,135.55	227,306.00	3,059,373.06

2016				
<u>Foreign currency</u>	<u>Consolidated</u>		<u>Separated financial statement</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	6,257,889.31	4,346,351.25	6,257,889.31	4,346,351.25

33.4 Fair value

The carrying amounts of the following financial assets and liabilities approximate to their fair values: cash and cash equivalent, short-term investments, trade receivable and payable, other receivable and payable, loans to and loan from related parties due to the short maturity period.

34. Fair value Measurement

TFRS No.13 "Fair Value Measurement (revised 2016)" defines fair value as 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 regardless of whether that price is directly observable or estimated using another valuation technique.

The TFRS requires the Group shall disclose about fair value measurement for financial asset and liability in which the other related TFRSs requires or permits fair value measurement or disclosure about fair value.

The TFRS establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value, as follows

Level 1 : The inputs are quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : The inputs are observable inputs for the asset or liability, either directly or indirectly.

Level 3 : The inputs are unobservable inputs for the asset or liability.

Information on assets and liabilities of the Group measured the fair value in the statement of financial position as at December 31, 2017 and 2016, are as follows:

(Unit: Million Baht)

<u>Assets and liabilities</u>	<u>Fair value</u>		<u>Fair value hierarchy</u>	<u>Valuations techniques</u>
	<u>2017</u>	<u>2016</u>		
Investment in trading securities	0.12	55.57	Level 2	NAV per unit calculated by the asset management.

Information on assets and liabilities of the Group not measured the fair value in the statement of financial position as at December 31, 2017 and 2016, as described in notes to financial statement no.36.4 and additional as follows:

(Unit: Million Baht)

<u>Assets and liabilities</u>	<u>Book value</u>		<u>Fair value</u>		<u>Fair value hierarchy</u>	<u>Valuations techniques</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>		
Foreign currency forward contract (Note 36.4)	-	17.35	-	17.92	Level 2	Calculated by the value declared by the financial institution.

For the year ended December 31, 2017, there is no the transfer of any amount between level 1 and level 2 of the fair value hierarchy.

35. Promotional privileges

The Company was granted certain promotiona privilege under the Investment Promotion Act. B.E 2520 in accordance with certificate No.1811 (5) /2554 on its business segment of evaporative cooling system. The privilege granted can be summarized as follows:

- a) Corporate income tax exemption on profit for a period of eight years from the date of the income occurred from the certified products (March 15 ,2012). The company can carry forward any net loss incurred during the tax-exempt period to be deducted as expenditure from net profit incurred during the five year period commencing form expiry of the tax-exempt period.

- b) Any dividends distributed by the Company are exempt from income tax if the dividend is distributed by the Company and received by the recipient during the exempt period.
- c) Exemption of import duty on raw or essential materials used in export products for a period of one year commencing from the first import.
- d) Exemption of import duty on re-exports items for one year commencing from the first import
- e) The Company exempt from any duty on import of machinery approved by the BOI.

Revenue from sale of goods for the years ended 31 December 2017 and 2016 classified by promoted and non-promoted business as follows:

	Consolidated		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Promoted business	21,074,410.52	45,542,125.19	21,074,410.52	45,542,125.19
Non - Promoted business	437,045,980.26	807,632,913.94	415,112,616.75	786,026,706.50
Total	458,120,390.78	853,175,039.13	436,187,027.27	831,568,831.69

36. Commitments and contingent liabilities

36.1 As at December 31, 2017, the Company has commitments relating to letters of credit which has been withdrawn in amount of USD 0.70 million (2016: USD 4.20 million).

36.2 As at December 31, 2017, the Group constitutes contingent liability from issuance of guarantee letter of the bank by amount of Baht 5.29 million (2016: amount of Baht 5.00 million).

36.3 The Group constitutes lease contract of building, equipment and warehouse from third parties. As at December 31, 2017 and 2016, the Group had obligation to repay the lease as follows:-

	Consolidated		Separated financial statement	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Maturities of payment				
Maturities of payment - Not later than 1 year	10,021,827.76	9,312,083.38	9,625,827.76	8,940,083.38
- Later than 1 year and not later than 5 years	7,557,170.00	14,189,867.76	7,293,170.00	13,529,867.76
Total	17,578,997.76	23,501,951.14	16,918,997.76	22,469,951.14

- 36.4 As at December 31, 2017 The Group has performed the forward foreign currencies contract in amount of USD 0.50 million which holds the contract life not exceeding one year.
- 36.5 The Company entered into a distributor agreement with a foreign company for a period of 11 years expiring in December 2022. The Company is authorized to sell the products of cooling machines business EVAP 70 and EVAP 35 in the country around the world save except some country as specified in the agreement. Under the agreement, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.
- 36.6 The Company entered into a distributor agreement with a foreign company as the same as 1) for 2 contracts for period of 11 years expiring in December 2023. The Company is authorized to sell the products of cooling machines business EVAP 03 and EVAP 20 in the country around the world save except some country as specified in the agreement. Under the agreement, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.
- 36.7 The Company entered into an OEM agreement with a foreign company to manufacture the evaporative fan model MIK-25EXN for the contractual period of 11 years. The agreement term will expired in 2025.
- 36.8 The Company entered into a quality assurance agreement with a foreign OEM manufacturer to cover the damage that may incurred from manufacturing the evaporative fans for the Company. The contractual period is 3 years and will expired in August 2018.

37. Reclassification of accounting transactions

Some transactions in consolidate and separate statement of financial position for the year ended December 31, 2016 are newly reclassified so as to comply with reflection in consolidate and separate statement of financial position for the year ended December 31, 2017 which can be summarized as follows:

(Unit : Baht)

		As at December 31, 2016,	
Transactions which <u>formerly presented</u>	<u>Reclassified</u>	<u>Consolidated</u>	<u>Separated financial statement</u>
Other current assets	Other non-current assets	2,095,276.17	1,937,337.83
Other current assets	Trade and other receivables - related parties	20,363,395.11	18,713,610.55
Other current assets	Intangible assets	1,027,500.00	1,027,500.00
Property, plant and equipment	Trade and other receivables - related parties	295,142.22	-
Trust receipt payables	Trade and other receivables - related parties	648,400.00	648,400.00
Other current Liabilities	Revenue Department payable	29,590.77	26,335.77
Other current Liabilities	Provision for warranty	4,412,578.92	4,412,578.92
Other current Liabilities	Trade and other payables - third parties	2,110,836.89	1,963,026.21
Short-term loan to related parties	Trade and other receivables - related parties	-	1,740,949.66

Some transactions in consolidate and separate statement of comprehensive income for the year ended on December 31, 2016, are newly reclassified so as to comply with reflection in consolidate and separate statement comprehensive income for the year ended on December 31, 2017 which can be summarized as follows:

(Unit : Baht)

		For the year ended on December 31, 2016	
Transactions which <u>formerly presented</u>	<u>Reclassified</u>	<u>Consolidated statements of comprehensive income</u>	<u>Separate statements of comprehensive income</u>
Selling expenses	Revenues from sales	-	7,840.82
Administrative expenses	Revenues from sales	71,190.87	71,190.87
Financial cost	Administrative expenses	87,829.27	87,829.27
Administrative expenses	Others revenues	525,793.47	525,793.47

38. Events after the reporting period

The Board of Directors' Meeting no.1/2018 with held on February 27, 2018 has the resolution to propose to the Annual General Meeting of Shareholders for the year 2018 held on April 26, 2018 to consider matters, as the following details.

- To approve the increase of the Company's registered capital of Baht 24,000,000.00 by issuing 96,000,000 new ordinary shares with a par value of Baht 0.25 per share as follows :

- To approve the allotment of not more than 48,000,000 new ordinary shares with a par value of Baht 0.25 per share by means of General Mandate to specific investor (Private Placement)

- To approve the allotment of not more than 48,000,000 new ordinary shares with a par value of Baht 0.25 per share by means of General Mandate to existing shareholders (Right Offering)

- To propose the shareholders meeting of the Company to authorize the Board of Directors to consider other details regarding to the allotment of new ordinary shares by means of General Mandate as follows the offering period will be considered for sale on one or several times. It will be offered to any specific group of investors or any groups at the same time, date and time of offering, offered price, terms and conditions, etc. regarding the allotment of ordinary shares of the Capital Increase.

39. Approval of financial statements

These consolidate and separated financial statements were authorized for issue by the Company's board of directors on February 27, 2018.
