

## **AUDITOR'S REPORT**

To the Shareholders of C.I.GROUP PUBLIC COMPANY LIMITED

### **Opinion**

I have audited the accompanying consolidated and separate financial statements of C.I.GROUP PUBLIC COMPANY LIMITED and its subsidiary companies ("The Group") and also of C.I.GROUP PUBLIC COMPANY LIMITED only ("The Company"), respectively, which comprise the consolidated and separate statements of financial positions as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, except for the possible effect to the matter described in the basis of qualified opinion paragraph, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of C.I.GROUP PUBLIC COMPANY LIMITED and its subsidiary companies and also of C.I.GROUP PUBLIC COMPANY LIMITED only, respectively, as at December 31, 2018, and of their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis of qualified opinion**

As mentioned to the note 9 to financial statements as at December 31, 2018, the Company has loan to other person, principal amount of Baht 26.88 million and accrued interest receivable amount of Baht 12.03 million. Due to the borrower default, the Company filed lawsuits against the borrower. The court has the verdict that orders the borrower to repay the debt to the Company. In case of fail, the collateral should be forced sale, if the forced sale amount is inadequate, the debtor's personal assets shall be forced sale. At present, the Company has been following up the confiscation of the debtor which are condominium and two pieces of land. The handed over common shares of a company as collateral have been kept under the custody of the Company for confiscation. There is currently no settlement on the value of the assets to be obtained from the enforcement for the allowance for doubtful accounts of loans and accrued interest receivables.

As mentioned to the note 12 to financial statements. I cannot to audited enough evidences in the value of investment in associate as presented in the consolidated financial statements as at December 31, 2018 amount of Baht 46.58 million, because of the associate company out of rehabilitation plan on July 31, 2018 and the Company perform beginning equity method from originally recorded cost method. Currently, the Company is finding independent appraiser for assess fair value is building in progress and machinery during installation as financial reporting standards related for valuation within 1 year. The Company recorded investment in associate by equity method in the consolidated financial statements recognized share of profit on investment in associate for the year ended December 31, 2018 amount of Baht 1.22 million, by book value of net assets as at December 31, 2018, of associate company. However, the financial statement of the associate is the Company recognize. I have audited and presentation a qualified opinion on those financial reports of cannot audited cost of building in progress amount of Baht 74.29 million and machinery during installation amount of Baht 283.02 million. The management of the entity has clarified that the plant has been started after the machine has been installed before 2014, so there is no evidence of payment. Such matter may result change in the value of investments associate and share of profit on investment in associate, if fair value measurement of asset complete. Its incapitate other audited to be satisfied to investments associate and share of profit on investment in associate.

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 Group and the company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key audit matters**

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

#### Recognition of revenue from construction services

The consolidated financial statements for the year ended December 31, 2018, the Group's recognition of revenue from construction services in amount of Baht 129.83 million and disclosed their policies on recognition of revenue from construction services and estimation of construction project costs in Note 4.14.3 to the financial statements. The management must exercise judgment in determining the percentage of completion of construction work, the probability of loss, and the measurement of possible losses. There are therefore risks with respect to the amount and the recognition of revenue from construction services and the estimates of possible losses from construction contracts.

#### How my audit addressed the key audit matter

I examined the recognition of revenue from construction services and estimation of construction project costs by assessing and testing the effectiveness of the internal controls put in place over the recognition of revenue and construction costs, the estimation of project costs, the estimation of percentage of work completion and possible losses from construction contracts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the Group's designed controls, read the construction contracts to consider the conditions relating to revenue recognition, made enquiry of responsible executives, gained an understanding of process to assess the percentage of completion and cost estimates for projects, checked appropriate of estimates of project costs to the project budgets, checked actual costs against supporting documents, tested the calculation of the percentage of completion based on actual construction costs incurred, performed analytical procedures on gross margins of construction projects and compared the percentage of completion as evaluated by the project engineer to the percentage of completion based on actual construction costs incurred, observe the project in progress at the end of year and evaluated the possible losses on projects assessed by the management.

#### Other matter

The accompanying consolidated and separate statements of financial position for the year ended December 31, 2017 of C.I.GROUP PUBLIC COMPANY LIMITED and its subsidiaries and also of C.I.GROUP PUBLIC COMPANY LIMITED respectively, which presented for comparative information purposes, were audited by another auditor, who expressed an qualified opinion on those financial statement in his report date March 12, 2018, while drawing not possible to estimate the allowance for doubtful accounts of loans to other defaulted persons.

### **Other information**

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

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

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

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

### **Responsibilities of management and those charged with governance for the financial statements**

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is

SAM NAK-NGAN A.M.C. Co., Ltd.

(Mr.Ampol Chamnongwat)

Certified Public Accountant Registration No. 4663

Bangkok

February 26, 2019

## C.I.GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	December 31,2018	December 31,2017	December 31,2018	December 31,2017
<u>Assets</u>					
Current assets					
Cash and cash equivalents	6	20,658,357	31,920,295	15,244,595	29,007,587
Temporary investments	7	-	660,000	-	660,000
Trade and other receivables	5.1 and 8	199,248,746	203,540,630	205,618,579	207,017,440
Unpaid work value		34,232,980	-	34,232,980	-
Short-term loans to related parties	5.1	14,000,000	18,000,000	95,261,500	37,261,500
Default payment of loan to other person	9	38,910,289	38,910,289	38,910,289	38,910,289
Short-term loans to other party		6,200,000	-	-	-
Inventories	10	179,383,026	178,131,003	179,116,387	177,852,409
Other current assets		14,631,171	8,378,661	13,723,047	8,166,255
Non-current assets classified as held for sale		-	1,355,020	-	1,355,020
Total current assets		507,264,569	480,895,898	582,107,377	500,230,500
Non-current assets					
Investments in subsidiaries	11	-	-	30,556,359	53,984,700
Investments in associate	12	46,582,733	-	-	-
Other long-term investments	13	20,460,503	66,630,400	20,460,503	36,630,400
Long-term loan to related parties	5.1	-	-	102,059,223	132,500,000
Investment property	14	146,943,398	61,055,610	146,943,398	61,055,610
Property, plant and equipment	15	427,580,201	502,274,120	281,332,122	376,549,941
Deferred leasehold land	16	10,949,400	12,423,077	-	-
Intangible assets	17	5,287,038	3,064,262	4,904,786	3,001,615
Deferred tax assets	18	15,710,556	15,929,823	49,905,793	44,556,747
Other non-current assets		586,895	11,936,772	242,759	4,882,394
Total non-current assets		674,100,724	673,314,064	636,404,943	713,161,407
Total assets		1,181,365,293	1,154,209,962	1,218,512,320	1,213,391,907

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

## C.I.GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	December 31,2018	December 31,2017	December 31,2018	December 31,2017
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Short-term loans from financial institutions	19	97,921,280	110,692,839	97,921,280	110,692,839
Short-term loans from other parties	20	51,998,728	25,723,638	51,998,728	25,723,638
Trade and other ayable	21	247,873,893	206,518,631	239,073,808	201,834,874
Advances received from construction		21,591,702	9,746,005	21,591,702	9,746,005
Current portion of liabilities under finance lease agreement	22	1,292,611	1,476,943	1,292,611	1,476,943
Current portion of liabilities under land lease agreement		889,000	889,000	-	-
Other current liabilities		2,757,726	3,504,910	1,199,841	1,762,516
Total current liabilities		424,324,940	358,551,966	413,077,970	351,236,815
Non-current liabilities					
Liabilities under finance lease agreement	22	21,000	1,235,081	21,000	1,235,081
Liabilities under land lease agreement		4,444,000	5,333,000	-	-
Employee benefit obligations	23	40,197,756	37,121,945	40,060,176	37,061,416
Other non-current liabilities		80,000	80,000	3,000	3,000
Total non-current liabilities		44,742,756	43,770,026	40,084,176	38,299,497
Total liabilities		469,067,696	402,321,992	453,162,146	389,536,312
Shareholders' equity					
Share capital	24				
Authorized share capital					
1,297,174,248 ordinary shares @ Baht 0.50		648,587,124	648,587,124	648,587,124	648,587,124
Issued and paid-up share capital					
864,786,382 ordinary shares @ Baht 0.50		432,393,391	432,393,191	432,393,391	432,393,191
Premium on ordinary shares		565,027,151	565,026,751	565,027,151	565,026,751
Premium on sale treasury stock		15,534,581	15,534,581	15,534,581	15,534,581
Retained earnings (deficit)					
Appropriated					
Legal reserve		12,707,000	12,707,000	12,707,000	12,707,000
Unappropriated		(313,364,526)	(273,759,726)	(260,311,949)	(201,805,928)
Total shareholders' equity of company		712,297,597	751,901,797	765,350,174	823,855,595
Non-controlling interests		-	(13,827)	-	-
Total shareholders' equity		712,297,597	751,887,970	765,350,174	823,855,595
Total liabilities and shareholder's equity		1,181,365,293	1,154,209,962	1,218,512,320	1,213,391,907

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



## C.I.GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Revenue from operation					
Revenue from sales		943,248,607	832,949,258	940,555,297	832,947,538
Revenue from services		147,141,834	37,851,854	129,827,334	22,138,184
Total revenues from operation		1,090,390,441	870,801,112	1,070,382,631	855,085,722
Cost from operation					
Cost of sales		(795,259,476)	(712,944,000)	(793,886,505)	(712,997,502)
Cost of services		(146,967,105)	(39,162,761)	(119,858,379)	(19,964,970)
Total cost from operation	10	(942,226,581)	(752,106,761)	(913,744,884)	(732,962,472)
Gross profit		148,163,860	118,694,351	156,637,747	122,123,250
Other income		14,032,655	29,444,529	16,626,494	31,839,181
Selling expenses		(72,935,367)	(58,489,634)	(72,309,063)	(58,151,575)
Administrative expenses		(118,583,496)	(117,307,734)	(155,966,327)	(142,994,428)
Finance costs		(8,843,918)	(6,983,245)	(8,843,918)	(6,982,464)
Loss before share of loss on investment in associate and income tax		(38,166,266)	(34,641,733)	(63,855,067)	(54,166,036)
Share of loss on investment in associate		(1,219,267)	-	-	-
Loss before income tax		(39,385,533)	(34,641,733)	(63,855,067)	(54,166,036)
Income tax revenues (expenses)	27.1	(219,267)	1,468,274	5,349,046	785,631
Loss for the year		(39,604,800)	(33,173,459)	(58,506,021)	(53,380,405)
Other comprehensive income					
Item that will not be reclassified to profit or loss					
Actuarial losses arising from defined benefit plan	23	-	(4,542,752)	-	(4,542,752)
Income tax relevance with other comprehensive income	27.2	-	908,550	-	908,550
Other comprehensive income for the year		-	(3,634,202)	-	(3,634,202)
Total comprehensive income for the year		(39,604,800)	(36,807,661)	(58,506,021)	(57,014,607)
Loss for the year attributable to :					
Equity holders of the Company		(39,604,800)	(33,163,985)	(58,506,021)	(53,380,405)
Non-controlling interests		-	(9,474)	-	-
Loss for the year		(39,604,800)	(33,173,459)	(58,506,021)	(53,380,405)
Total comprehensive income attributable to:					
Equity holders of the Company		(39,604,800)	(36,798,187)	(58,506,021)	(57,014,607)
Non-controlling interests		-	(9,474)	-	-
Total comprehensive income for the year		(39,604,800)	(36,807,661)	(58,506,021)	(57,014,607)
Basic loss per share					
Equity holders of the Company	28	(0.0458)	(0.0383)	(0.0677)	(0.0617)

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

**C.I.GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the year ended December 31, 2018**

**Consolidated financial statements**

**(Unit : Baht)**

	Issued and paid-up share capital	Premiums on ordinary shares	Premiums on sales treasury stock	Retained earnings (deficit)		Total shareholders' equity of the Company	Non - controlling interests	Total
				Appropriated legal reserve	Unappropriated			
Balance as at January 1, 2017	432,393,191	565,026,751	15,534,581	12,707,000	(236,961,539)	788,699,984	(4,653)	788,695,331
Loss for the year	-	-	-	-	(33,163,985)	(33,163,985)	(9,474)	(33,173,459)
Other comprehensive income for the year	-	-	-	-	(3,634,202)	(3,634,202)	-	(3,634,202)
Total comprehensive income for the year	-	-	-	-	(36,798,187)	(36,798,187)	(9,474)	(36,807,661)
Non-controlling interest of subsidiary increase	-	-	-	-	-	-	300	300
Balance as at December 31, 2017	432,393,191	565,026,751	15,534,581	12,707,000	(273,759,726)	751,901,797	(13,827)	751,887,970
Loss for the year	-	-	-	-	(39,604,800)	(39,604,800)	-	(39,604,800)
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(39,604,800)	(39,604,800)	-	(39,604,800)
Increased ordinary shares	200	400	-	-	-	600	-	600
Adjust on non-controlling interests	-	-	-	-	-	-	13,827	13,827
Balance as at December 31, 2018	432,393,391	565,027,151	15,534,581	12,707,000	(313,364,526)	712,297,597	-	712,297,597

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

**C.I.GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the year ended December 31, 2018**

**Separate financial statements**

**(Unit : Baht)**

	Issued and paid-up share capital	Premiums on ordinary shares	Premiums on sales treasury stock	Retained earnings (deficit)		Total
				Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2017	432,393,191	565,026,751	15,534,581	12,707,000	(144,791,321)	880,870,202
Loss for the year	-	-	-	-	(53,380,405)	(53,380,405)
Other comprehensive income for the year	-	-	-	-	(3,634,202)	(3,634,202)
Total comprehensive income for the year	-	-	-	-	(57,014,607)	(57,014,607)
Balance as at December 31, 2017	432,393,191	565,026,751	15,534,581	12,707,000	(201,805,928)	823,855,595
Loss for the year	-	-	-	-	(58,506,021)	(58,506,021)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(58,506,021)	(58,506,021)
Increased ordinary shares	200	400	-	-	-	600
Balance as at December 31, 2018	432,393,391	565,027,151	15,534,581	12,707,000	(260,311,949)	765,350,174

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

## C.I.GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOW

For the year ended December 31, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flow from operating activities				
Profit (loss) before income tax	(39,385,533)	(34,641,733)	(63,855,067)	(54,166,036)
Adjustment to profit (loss) before income tax for cash received (payment) from operation		-		-
Depreciation	66,182,811	67,012,112	55,873,022	57,301,839
Amortization of right to use land	1,473,677	1,309,803	-	-
Amortized intangible assets	1,624,737	1,582,433	1,519,667	1,535,377
Gain from sales of property, plant and equipment	(131,418)	-	(736,694)	-
Reversal equipment during installation is repair	-	5,238	-	5,238
Doubtful debts-trade receivables (Reversal)	137,195	8,134,525	137,195	3,266,190
Impairment loss on temporary investments	660,000	-	660,000	-
Loss from declining in value of inventories (Reversal)	94,359	(927,642)	94,359	(883,413)
Loss on unused equipment	-	689,236	-	561,954
Loss from sales of non-current assets classified as held for sale	-	14,764	-	14,764
Loss on impairment for deferred leasehold land	-	5,561,333	-	-
Loss from allowance for investments in subsidiaries	-	-	24,428,341	-
Doubtful debts-long term loan	-	-	30,440,777	50,000,000
Reversal of estimated accrued expenses	(4,100,000)	-	(4,100,000)	-
(Gain) loss from unrealized on exchange rate	(79,558)	(267,407)	(79,558)	(267,419)
Share of profit on investment in associates	1,219,267	-		-
Employee benefit expenses	4,292,041	3,440,245	4,214,990	3,445,182
Interest income	(3,316,554)	(3,024,864)	(6,273,872)	(5,926,124)
Interest expenses	8,843,918	6,983,245	8,843,918	6,982,464
Profit from operating activities before changes in operating assets and liabilities	37,514,942	55,871,288	51,167,078	61,870,016

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

## C.I.GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOW

For the year ended December 31, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities (continue)				
Operating assets (increase) decrease				
Trade and other receivables	5,964,918	6,769,781	6,457,364	11,101,027
Unpaid work value	(34,232,980)	-	(34,232,980)	-
Inventories	(1,346,382)	(49,045,236)	(1,358,337)	(50,319,578)
Other current assets	(6,141,105)	(5,915,978)	(5,445,387)	(5,954,288)
Other non-current assets	8,409,877	40,561	1,699,635	72,894
Operating liabilities increase (decrease)				
Trade and other payables	32,104,650	58,675,060	27,988,322	59,145,669
Advances received from construction	11,845,697	-	11,845,697	-
Other current liabilities	(747,184)	(1,121,222)	(562,675)	(1,484,605)
Employee benefit obligations	(1,216,230)	-	(1,216,230)	-
Other non-current liabilities	-	(28,000)	-	-
Cash received from operating activities	52,156,203	65,246,254	56,342,487	74,431,135
Income tax paid	-	(5,812,912)	-	(5,812,161)
Net cash received from operating activities	52,156,203	59,433,342	56,342,487	68,618,974
Cash flow from investing activities				
(Increase) decrease in fixed deposit used as collateral	16,169,897	(36,630,400)	16,169,897	(36,630,400)
Cash payment for short-term loans to other parties	(6,200,000)	-	-	-
Cash received for short-term loans to related parties	18,000,000	-	18,250,000	-
Cash payment for short-term loans to related parties	(14,000,000)	(8,000,000)	(76,250,000)	(24,250,000)
Cash payment for long-term loans to related parties	-	-	-	1,000,000
Cash received from interest	920,334	2,684,542	492,183	2,753,793
Cash payment in investments in subsidiary	(17,802,000)	-	(1,000,000)	(999,700)
Cash payment in purchase of investment property	(1,650,000)	-	(1,650,000)	-
Cash payment in purchase of property, plant and equipment	(58,877,108)	(37,568,817)	(27,438,143)	(37,302,424)
Cash received from sales of property, plant and equipment	1,206,676	-	1,206,676	-
Payment deposit on equipment	-	(10,259,450)	-	(4,059,450)
Cash payment in purchase of intangible assets	(3,847,513)	(207,500)	(3,422,838)	(177,500)
Net cash used in investing activities	(66,079,714)	(89,981,625)	(73,642,225)	(99,665,681)

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

## C.I.GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOW

For the year ended December 31, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(12,401,370)	(4,581,448)	(12,401,370)	(4,581,448)
Cash received from short-term loans from other parties	26,275,090	25,723,638	26,275,090	25,723,638
Cash paid for liabilities under finance lease agreement	(1,398,413)	(1,413,891)	(1,398,413)	(1,413,891)
Cash paid for liabilities under land lease agreement	(889,000)	(889,000)	-	-
Cash payment in interest expenses	(8,854,914)	(6,974,891)	(8,854,914)	(6,974,110)
Cash received proceeds from the increasing share capital	600	-	600	-
Adjust on non-controlling interests	13,827	300	-	-
Net cash received from financing activities	2,745,820	11,864,708	3,620,993	12,754,189
Effects of exchange rates in cash and cash equivalents	(84,247)	(4,217)	(84,247)	(4,217)
Net decrease in cash and cash equivalents	(11,261,938)	(18,687,792)	(13,762,992)	(18,296,735)
Cash and cash equivalents at the beginning of the year	31,920,295	50,608,087	29,007,587	47,304,322
Cash and cash equivalents at the ending of the year	20,658,357	31,920,295	15,244,595	29,007,587

Additional disclosure :

Items not affecting cash flow are as follows :-

- Write-off allowance for doubtful debts with trade accounts receivable	1,495,179	-	1,260,003	-
- Purchases of property, plant and equipment which had not yet been paid	13,741,215	412,166	13,741,215	369,179
- Transferred deposit to investment property	2,940,000	-	2,940,000	-
- Transferred property, plant and equipment to investment property	85,357,194	-	85,357,194	-
- Transferred other long-term investments to investments in associate	30,000,000	-	-	-
- Transferred non-current assets classified as held for sales to property, plant and equipment	1,243,615	-	1,243,615	-
- Transferred equipment during installation to inventories	-	123,000	-	123,000
- Transferred deposit asset to building under construction and equipment	-	5,326,975	-	5,326,975
- Transferred machinery and equipment to non-current assets classified as held for sales	-	39,945	-	39,945

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

## C.I. GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

### NOTES TO FINANCIAL STATEMENTS

**For the year ended December 31, 2018**

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#### 1. General information

The Company was registered as a corporate entity under the Civil and Commercial Code on August 20, 1991 and later registered as a public company on March 1, 2004, registration number 0107547000133 with its registered head office located at 1/1, Moo 7, Bangkoowad Road, Tambol Bangkoowad, Amphor Muang, Pathumthani Province, Thailand.

The Company main business activity is producing and distributing air conditioning products and parts and construction service.

Its subsidiary companies which operate business according in the note to financial statements No.3.1

#### 2. Basis of financial statement preparation

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

2.2 The consolidated and separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“FAP”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

## 2.3 New financial reporting standards

### 2.3.1 New and revised financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations (revised 2017) and accounting treatment guidance issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

### 2.3.2 Financial reporting standard that will become effective in the future

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards and interpretations financial reporting standards that are mandatory for annual periods beginning on or after January 1, 2019 and 2020. The Group has not yet early adopted these new and revised financial reporting standards which are as follows : -

<u>Reference standard No.</u>	<u>Name</u>	<u>Effective date</u>
<u>Thai Accounting Standards (TAS)</u>		
TAS 32	Financial Instruments: Presentation	January 1, 2020
<u>Thai Financial Reporting Standards (TFRS)</u>		
TFRS 1	First-time Adoption of Financial Reporting Standards	January 1, 2019
TFRS 7	Financial Instruments: Disclosures	January 1, 2020
TFRS 9	Financial Instruments	January 1, 2020
TFRS 15	Revenue from Contracts with Customers	January 1, 2019
<u>Thai Financial Reporting Interpretations (TFRIC)</u>		
TFRIC 16	Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020

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



2.4 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected the significant estimates and assumptions are as follows :-

#### Lease agreement

In determining whether a lease is to be classified as an operating lease or financing lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

#### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### Reduce inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

#### Investment properties, property, plant and equipment and depreciation

In determining depreciation of investment property, plant and equipment, the management is required to make estimates of the useful lives and residual values of the investment property, property, plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review investment property, property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

#### Estimate on employee benefit obligations

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

Other estimates are disclosed under related caption in these notes to financial statements.

### 3. Basis of the consolidated financial statements preparation

3.1 The consolidated financial statements have been prepared by consolidating the financial statements of the Company and of three subsidiary companies (“the Group”) The detail of structure and shareholding ratio of the Group is as follows:-

<u>Name of subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>	<u>Percentage of shareholdings As at December 31,</u>	
			<u>2018</u>	<u>2017</u>
C.I.G. (Thailand) Co., Ltd.	Thailand	Air conditioning and refrigeration parts manufacturing and distribution; including maintenance and inspection services	99.98	99.98
CIG Development Co., Ltd.	Thailand	Hotel	99.97	99.97
Siam Railway Development Co., Ltd.	Thailand	Locomotive Maintenance	99.97	99.97

3.2 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.3 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.

3.4 The accounting periods of subsidiary companies ended the same date as that of C.I. GROUP PUBLIC COMPANY LIMITED.

3.5 The consolidated financial statements combine the accounts of the Company and subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

3.6 Investment in subsidiaries which the Company holds 99.95% onwards are prepare the consolidated financial statements. The Company calculated the investment in the subsidiary as 100%.

#### 4. Summary of significant accounting policies

##### 4.1 Cash and cash equivalents

Cash and cash equivalent items includes cash, savings account deposits, current account deposits and not exceeding 3 months fixed deposits and all highly liquid investments with an original maturity of three months or less from the date of acquisition and not subject to withdrawal restrictions.

##### 4.2 Temporary investments

Marketable securities for trading are stated at fair value. The difference between fair value and cost is shown as provision for adjustment of investments. The Company recognized revaluation of securities as unrealized gain (loss) on trading securities in the statements of comprehensive income. Cost of the disposed trading securities during the year is based on the average cost of each security on the disposal time.

##### 4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on analysis of debt aging, payment histories and future expectations of customer payments from the uncollectability of each receivable. Bad debts are written off when incurred.

##### 4.4 Unbilled receivables / Deferred construction revenues

Unbilled receivables consist of the cost of materials and labour, cost of sub-contract, other services and expenses including both net profit or loss computed net from the amount collected from customers.

The contracts which have construction value more than amount billed to customers will be presented as “Unbilled receivables” under current assets. For those contracts which have the amount billed more than the construction value will be presented as “Deferred construction revenues” under current liabilities.

#### 4.5 Inventory

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the first-in, first-out method.

Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

#### 4.6 Investments

4.6.1 Investments in subsidiary companies in the separate financial statements are recorded under the cost method net by the allowance for accumulated impairment and the recognition of the change in the investment in the profit or loss is recorded when the investment is disposed or the impairment of the investment incurred.

4.6.2 Investments in an associate in the consolidated financial statements are recorded by the equity method

#### 4.7 Investment properties

Investment property is defined as land or a building or part of a building, or both, held to earn rental or for capital appreciation or both, rather than for use in the production or supply of goods and services, for administrative purposes, or for making sales in the ordinary course of business.

Investment properties of the Group are measured initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

The depreciation of the investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful life as follows :-

Building and building improvements	20 Years
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The depreciation of the investment properties is included in the calculation for the operating result. No depreciation is calculated for investment properties in case of land and work in process.

The Group recognize the difference between the assets' net realizable value and book value in the profit or loss for the period the investment properties are derecognized from the account.

Transfers investment property to property and plant is stated at carrying amount of the investment property transferred at the date of the change in use and measured in accordance with accounting policy of property and plant.

#### 4.8 Property, plant and equipment

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

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

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

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

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

Building and building improvements	10-20 Years
Machineries and spare parts	5-10 Years
Furniture, fixtures and office equipment	3-10 Years
Vehicles	5 Years
Other	5 Years

No depreciation is provided on land and assets under installation and asset under construction.

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

Transferred from owner-occupied property to investment property is stated at carrying amount of the property transferred at the date of the change in use.

#### 4.9 Intangible asset

Intangible assets are shown at cost less by accumulated amortized expense and allowance for impairment (if any) of that asset. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows :-

Computer softwares	5 Years
Deferred expenses	10 Years

#### 4.10 Long-term leases

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

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 are charged to profit or loss on a straight-line basis over the period of the lease.

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

#### 4.11 Impairment

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in. An impairment loss is recognized when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually, even though there is no indicator of impairment are identified.

Impairment loss is recognized as expenses in profit or loss immediately.

##### Calculation of recoverable amount

- The recoverable amount is the higher of the asset's fair value less cost to sell of asset or the cash-generating unit and its value in use.
- In assessing value in use of an asset, the estimated future cash flows are discounted to their present value which using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.
- The asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### Reversals of impairment loss

- The loss on impairment of assets excluding goodwill recognized in the prior period will be reversed if the estimation of net realizable value changes since the last impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization), if no impairment loss had been recognized.
- Reversals of impairment loss will be recognized as income in profit or loss immediately.

#### 4.12 Trade and other payables

Trade and other payables are stated at cost

#### 4.13 Employee benefit

##### Short-term employee benefits

- The Group is recognized salary, wage, bonus, and social security fund are expenses on date when the transactions occur.

##### Post-employment benefits (Defined benefit plans)

- The Group has obligations in respect of the severance payments then must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.
- The Group calculated its obligations from post employment benefits by using projected unit credit method. The independent expert has actuarially estimated such obligations, where the principle of such estimation requires various assumptions, including future salary increase rate, turnover rate, death rate, and inflation rate.
- Actuarial gains or losses arising from post-employment benefits are recognized in other comprehensive income in the period in which they arise.
- Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment.

#### 4.14 Recognition of revenues

- 4.14.1 Revenue from sales is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.



4.14.2 Revenues from service is recognized when service are provided.

4.14.3 Revenue from construction services comprises the initial amount of revenue as agreed in the contract and income from the additional work as agreed in the quotation, which is recognized based on the percentage of completion method. The percentage of completed is determined by surveying the percentage of completed physical construction work compared to all construction work in accordance with the contract by the construction supervisor engineer. In the event that there is a certain possibility that the total cost of the project exceeds the contract revenue value The Company will recognize such loss immediately in profit or loss. The recognized revenues per the percentage of completion method which have not yet been due have been shown under the caption of “Unpaid work value”. Unrecognized income based on per percentage of completion method but payment under the contract have been show under the caption of “Advances received from construction” in the statements of financial position.

4.14.4 Interest and other income are recognized on an accrual basis.

#### 4.15 Recognition of expenses

4.15.1 Expenses are recognized on an accrual basis.

4.15.2 Payments made under operating leases are recognized on a straight-line basis over the term of lease.

4.15.3 Financial costs such as interest expenses and similar costs are charged to profit loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

#### 4.16 Income tax

Income tax comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

##### Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognizes deferred tax liabilities for all taxable temporary differences while they recognizes deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 4.17 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net profit (loss) attributable to shareholders of the Company (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

Diluted earnings(loss) per share are calculated by net income for the years attributable to ordinary shareholders of the Company, by the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares.

#### 4.18 Foreign currencies

Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the year-end date are translated into Baht at the rates ruling on that date. Exchange gains or losses are included as incomes or expenses in profit or loss.

#### 4.19 The related persons and related companies

The related persons and related companies with the Group meant individuals or enterprises which have the controlling power over the Group or are controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related persons or related companies also meant the associated companies and the persons whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group, important management, directors or the employees of the Group who have the power to plan and control the operations of the Group including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

#### 4.20 Segment reporting

The sectoral business operation is disclosed under the separate business sectors of the Group, by the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.

#### 4.21 Financial instruments

Financial assets were shown in the statements of financial position composed of cash and cash at banks and trade and other receivables. Financial liabilities were shown in the statements of financial position composed of trade and other payables. The accounting policy of each item would be disclosed in separated items.

#### 4.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows :-

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Inter-transaction with related companies

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

### 5.1 Inter-assets and liabilities

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Other receivables				
CIG Development Co., Ltd.	-	-	-	9,618
Accrued income				
CIG Development Co., Ltd.	-	-	1,000	9,000
Siam Railway Development Co., Ltd.	-	-	1,000	-
Total	-	-	2,000	9,000
Accrued interest receivable				
CIG Development Co., Ltd.	-	-	7,166,051	4,193,547
Siam Railway Development Co., Ltd.	-	-	428,787	28,932
C.I.G. (Thailand) Co., Ltd.	-	-	69,411	-
Fakwanti Co., Ltd.	2,278,065	305,002	2,278,065	305,002
Total	2,278,065	305,002	9,942,314	4,527,481

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term loans				
C.I.G. (Thailand) Co., Ltd.				
Beginning balance	-	-	250,000	250,000
Addition	-	-	21,000,000	-
Repayment	-	-	(250,000)	-
Ending balance	-	-	21,000,000	250,000
CIG Development Co., Ltd.				
Beginning balance	-	-	10,761,500	2,761,500
Addition	-	-	11,500,000	8,000,000
Ending balance	-	-	22,261,500	10,761,500
Siam Railway Development Co., Ltd.				
Beginning balance	-	-	8,250,000	-
Addition	-	-	29,750,000	8,250,000
Ending balance	-	-	38,000,000	8,250,000
Fakwantip Co., Ltd.				
Beginning balance	18,000,000	10,000,000	18,000,000	10,000,000
Addition	14,000,000	15,525,412	14,000,000	15,525,412
Repayment	(18,000,000)	(7,525,412)	(18,000,000)	(7,525,412)
Ending balance	14,000,000	18,000,000	14,000,000	18,000,000
Total	14,000,000	18,000,000	95,261,500	37,261,500

As at December 31, 2018 and 2017, the short-term loans to related companies for the whole amount is in promissory notes form 12 month and at call and interest is carried by the rate of 1.50%-15.00% per annum for the both years.

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Long-term loans				
CIG Development Co., Ltd.				
Beginning balance	-	-	182,500,000	183,500,000
Repayment	-	-	-	(1,000,000)
Ending balance	-	-	182,500,000	182,500,000
<u>Less</u> Allowance for doubtful account	-	-	(80,440,777)	(50,000,000)
Net	-	-	102,059,223	132,500,000

On July 15, 2016, the subsidiary has signed new loan agreements amount of Baht 184.00 million because it was unable to made repayment under the original loan agreement with amount of Baht 183.06 million, consisting of a principal amount of Baht 175.90 million, accrued interest receivable amount of Baht 7.16 million as part of the principal (calculated until June 30, 2016) and an additional loan of Baht 0.94 million for working capital. The repayments under the terms of the contract by period of three months from August 31, 2016 to June 30, 2031, bearing interest rate at 1.50% per annum.

As at December 31, 2018 and 2017, the subsidiary was unable to made repayment above conditions. The management considerations allowance for doubtful loan amount of Baht 80.44 million and Baht 50.00 million respectively.

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Other non-current liabilities				
CIG Development Co., Ltd.	-	-	3,000	3,000

## 5.2 Inter-revenues and expenses

(Unit : Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>For the year ended December 31,</u>			
	<u>Pricing policy</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Inter-transaction with subsidiaries</b>					
(Eliminated from consolidated financial statements)					
Rental income	Contract price	-	-	24,000	23,000
Interest income	The rate to the promissory note	-	-	3,466,347	2,907,070
Purchase of spare parts	Agreement price	-	-	-	62,501
Doubtful accounts	Estimated of the uncollectability	-	-	30,440,777	-
<b>Inter-transaction with associate</b>					
Interest income	The rate to the promissory note	2,206,438	2,684,472	2,206,438	2,684,472

## 5.3 Director and Management benefit expenses

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term benefits	2,885,000	2,865,000	2,885,000	2,865,000

Director and Management benefit expenses represent the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration including the benefit paid by other means. The Company's management are the persons who are defined under the Securities and Exchange Act.

## 5.4 Relationship among the companies

Consisted of :-

<u>Company's Name</u>	<u>Relationship</u>
C.I.G. (Thailand) Co., Ltd.	Subsidiary company by shareholding and common management
CIG Development Co., Ltd.	Subsidiary company by shareholding and common management
Siam Railway Development Co., Ltd.	Subsidiary company by shareholding and common management
Fakwantip Co., Ltd.	Associate company of the subsidiary

## 6. Cash and cash equivalent items

Consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	344,688	339,492	170,180	288,591
Savings deposits	8,405,360	9,688,055	3,217,106	6,877,249
Current deposits	98,387	98,217	47,387	47,216
Fixed deposits	30,669	33,183	30,669	33,183
FCD deposits	8,321,961	21,246,202	8,321,961	21,246,202
Cheque on hand	3,457,292	515,146	3,457,292	515,146
Total	20,658,357	31,920,295	15,244,595	29,007,587

## 7. Temporary investments

Consisted of :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Marketable trading securities		
Aggregate cost	1,960,000	1,960,000
<u>Less</u> Provision for investments adjustment	(1,300,000)	(1,300,000)
<u>Less</u> Allowance for investments impairment	(660,000)	-
Net	-	660,000

As at December 31, 2017, one security of investments in marketable trading securities (listed company) which has cost amount of Baht 1.96 million and has provision for diminution in investments amount of Baht 1.30 million and has net value amount of Baht 0.66 million (closing price as at August 15, 2016). As at December 31, 2018, there was no bid price to measure its fair value due to that listed company has not submitted the financial statements on time. Therefore it has been suspended trading by The Stock Exchange of Thailand and it may be delisted according to The Stock Exchange of Thailand's Regulations. However, the Company set up the allowance for investments impairment in the whole amount.



8. Trade and other receivable

Consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivables-other parties	211,588,059	207,997,662	206,448,964	207,504,877
Notes receivables	2,742,480	3,324,356	2,242,480	3,324,356
Total trade and notes receivables	214,330,539	211,322,018	208,691,444	210,829,233
<u>Less</u> Allowance for doubtful accounts	(25,115,858)	(21,473,842)	(20,115,858)	(21,238,666)
Total trade and notes receivables-net	189,214,681	189,848,176	188,575,586	189,590,567
Other receivables-related parties	-	-	-	9,618
Other receivables-other parties	634,377	437,763	354,377	6,186
Accrued income-related parties	-	-	2,000	9,000
Accrued income-other parties	32,877	337,825	-	337,825
Accrued interest receivable-related parties	2,278,065	305,001	9,942,314	4,527,481
Accrued interest receivable-other parties	453,053	62,773	429,628	62,772
Prepaid expenses	3,497,364	2,543,136	3,207,625	2,468,035
Deposits to supplier	1,101,547	7,740,636	1,101,547	7,740,636
Other	2,036,782	7,265,320	2,005,502	2,265,320
Total other receivables	10,034,065	18,692,454	17,042,993	17,426,873
<u>Less</u> Allowance for doubtful accounts	-	(5,000,000)	-	-
Total other receivables-net	10,034,065	13,692,454	17,042,993	17,426,873
Total trade and other receivables	199,248,746	203,540,630	205,618,579	207,017,440

As of December 31, 2018 and 2017, The trade account receivables, value of Baht 58.21 million and Baht 28.58 million respectively, were transfer the right of collection to a company in the note to financial statements No.20. The Company still be responsible on this trade account receivable, if the liquidation is default.

Trade and notes receivables were classified by aging as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Notes receivables	2,742,480	3,324,356	2,242,480	3,324,356
Trade receivables				
Within credit term	128,986,755	149,425,907	128,920,407	149,015,922
Overdue				
- Not over 3 months	54,799,427	33,409,476	54,743,251	33,326,676
- Over 3 months but not over 6 months	726,124	2,628,102	713,553	2,628,102
- Over 6 months but not over 12 months	1,659,895	6,342,417	1,655,895	6,342,417
- Over 12 months	25,415,858	16,191,760	20,415,858	16,191,760
Total	214,330,539	211,322,018	208,691,444	210,829,233
Less Allowance for doubtful accounts	(25,115,858)	(21,473,842)	(20,115,858)	(21,238,666)
Net	189,214,681	189,848,176	188,575,586	189,590,567

The normal credit term granted to customers of the Group is 30-120 days.

The movement of allowance for doubtful accounts-trade and other receivable-other parties for the year ended December 31, 2018 and 2017, were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(26,473,842)	(18,339,317)	(21,238,666)	(17,972,476)
Additions during the year	(2,291,390)	(8,134,525)	(2,291,390)	(3,266,190)
Collect during the year	2,154,195	-	2,154,195	-
Written off during the year	1,495,179	-	1,260,003	-
Ending balance	(25,115,858)	(26,473,842)	(20,115,858)	(21,238,666)

Management of the Group believes that the allowance for doubtful accounts recorded as sufficient in the circumstances present.

9. Default payment of loan to other person

Consisted of :-

	(Unit : Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Principal	26,882,892	26,882,892
Accrued interest income	12,027,397	12,027,397
Total	38,910,289	38,910,289

The Company has loan to other person amounting to Baht 92.03 million (principal amounting to Baht 80.00 million and accrued interest receivable amounting to Baht 12.03 million) which the borrower has mortgaged land and construction in Phuket province as collateral. The appraised value of the collateral is Baht 110.00 million (as appraisal report dated March 25, 2010). In addition, the borrower has handed over 450,000 common shares of a company that operates a hotel business in Phuket province as additional collateral. Due to the borrower default payment, the Company filed lawsuits against the borrower in court. The court has the verdict that orders the borrower to repay the debt to the Company. In case of fail, the collateral should be forced sale, if the forced sale amount is inadequate; the debtor's personal assets shall be forced sale after on. Since March 2010, the Company has filed to execute the enforcement of the assets confiscation. On November 14, 2013, the Company entered into the bidding of land and construction, and the officer had approved the Company to be bidder at the price of Baht 60.00 million. In August 2014, the Company registered the receipt of the land and construction and recorded in the "Investments Property" account. For the balance of the loan amount of Baht 38.91 million, the Company has been following up the confiscation of other personal assets of the debtor which is condominium units and land.

The handed-over common shares of a company as collateral have been kept under the custody of the Company's lawyer for confiscation after other personal assets, condominium units and two pieces of land, of the debtor have been confiscated.

In May 2016, the Central Bankruptcy Court has ordered receivership the debtor and on July 15, 2016, the Company has filed the requisition for repayment from the debtor's assets amount Baht 87.34 million.

On February 20, 2017, the officer has announced the auction of the debtor' land and some of land have been sold by the auction on April 20, 2017 amount of Baht 1.81 million, the Company doesn't receive money.

On August 1, 2017, the official receiver has called the first creditors' meeting, but the debtor did not apply for reimbursement to the official receiver in any way. The official receiver reported to court and asked the court to order the debtor to be bankrupted on September 5, 2017.

The above factors cause the Company unable to determine a suitable net realizable value of the receivable. Thus, no allowance for doubtful accounts has been provided. However, the Company has ceased to record the interest received from the loan of Baht 80.00 million as from January 1, 2010, and will recognize the amount exceeding the accrued interest receivable as income in the period that the Company receives the payment.

#### 10. Inventories

Consisted of :-

	(Unit: Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials	122,446,974	130,566,074	122,355,569	130,566,074
Goods in process	7,138,033	9,959,327	7,138,033	9,959,327
Finished goods	23,383,051	26,602,151	23,383,051	26,471,431
Goods in transit	12,255,326	17,739,002	12,255,326	17,739,002
Supplies	5,160,722	5,130,625	4,985,488	4,982,751
Raw materials for transfer	25,125,426	4,354,689	25,125,426	4,354,689
Total	195,509,532	194,351,868	195,242,893	194,073,274
<u>Less</u> Allowance for decline in value of inventories	(16,126,506)	(16,220,865)	(16,126,506)	(16,220,865)
Net	179,383,026	178,131,003	179,116,387	177,852,409

Movements of allowance for decline in value of inventories for the years ended December 31, 2018 and 2017 as follows :-

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance as at January 1,	(16,220,865)	(17,148,507)	(16,220,865)	(17,104,278)
Reversal for decline in value of inventories in the year	94,359	927,642	94,359	883,413
Ending balance as at December 31,	(16,126,506)	(16,220,865)	(16,126,506)	(16,220,865)

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of inventories recognized as an expense and is included in cost of goods sold account				
- Cost of sales and services	942,320,940	753,034,403	913,839,243	733,845,885
- Reversal from decline in value of inventories	(94,359)	(927,642)	(94,359)	(883,413)
Net	942,226,581	752,106,761	913,744,884	732,962,472

#### 11. Investments in subsidiaries

As at December 31, 2018 and 2017, the Company had investments in subsidiaries were as follows :-

	<u>Separate financial statements</u>							
<u>Name of company</u>	<u>Paid-up</u>		<u>% Share</u>		<u>Cost method</u>		<u>Dividend</u>	
	<u>share capital</u>		<u>holding</u>		<u>As at December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
- C.I.G. (Thailand) Co., Ltd.	54,000	53,000	99.98	99.98	53,985,000	52,985,000	-	-
- CIG Development Co., Ltd.	100,000	100,000	99.97	99.97	146,547,841	146,547,841	-	-
- Siam Railway Development Co., Ltd.	1,000	1,000	99.97	99.97	999,700	999,700	-	-
Total					201,532,541	200,532,541	-	-
<u>Less</u> Allowance for impairment loss					(170,976,182)	(146,547,841)		
Net					30,556,359	53,984,700		

#### C.I.G. (Thailand) Co., Ltd.

On January 23, 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 has decided to call for additional capital increase of 10 Baht per share from originally 30 Baht per share; which sums up to 40 Baht per share for 100,000 shares. The total amount was 1,000,000 Baht which was paid up by shareholders in January 2018.

#### CIG Development Co., Ltd.

On February 6, 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 of De Lamai Co., Ltd decided to change its name from 'De Lamai Co., Ltd' to 'CIG Development Co., Ltd'. CIG Development Co., Ltd was registered with the Ministry of Commerce on February 14, 2018.

Siam Railway Development Co., Ltd.

On January 16, 2018, the Company invested in 9,997 common shares of Siam Railway Development Co., Ltd, valuing 999,700 Baht or 99.97% of total shares

For the year ended December 31, 2018, The Company determining impairment of investment in C.I.G. (Thailand) Co., Ltd and Siam Railway Development Co., Ltd, since the recoverable amount is lower the value of investment, which the cost of investment, which is subsidiary company has loss from operate.

Movement of allowance for investments impairment for the years ended December 31, 2018 is as follows :-

	(Unit : Baht)
	<u>Separate financial statements</u>
Beginning balance	(146,547,841)
Increase during the year	(24,428,341)
Ending balance	<u>(170,976,182)</u>

12. Investments in associate

As at December 31, 2018 and 2017, the Group's investments in associates were as follows :-

			(Unit : Baht)	
			<u>Consolidated financial statements</u>	
	<u>Percentage of Shareholding(%)</u>		<u>Equity method</u>	
<u>Name of companies</u>	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Fakwantip Co., Ltd.	29.67	-	46,582,733	-

Financial information of associate company

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

	(Unit : Baht)	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Current assets	17,103,185	33,715,854
Non-current assets	447,168,832	460,533,230
Total assets	464,272,017	494,249,084
Current liabilities	(323,442,209)	(202,990,259)
Non-current liabilities	-	(125,921,540)
Total liabilities	(323,442,209)	(328,911,799)
Net assets	140,829,808	165,658,285
	(Unit : Baht)	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Revenue	90,349,008	416,386,204
Profit (loss) for the year	(68,334,477)	341,681,139
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(68,334,477)	341,681,139
Dividend received from associate for the year	-	-

Reconciliation of financial based on the above information and the carrying amount of the equity of Fakwantip Co., Ltd. with recognize them gradually in the consolidated financial statements is as follow :-

	(Unit : Baht)
	<u>2018</u>
Net assets of the associate	140,829,808
<u>Less</u> Increase ordinary shares - C.I.G. (Thailand) Co., Ltd.	(17,802,000)
Advance payment for shares - other person	(26,025,000)
Net	97,002,808
Shareholding of the Group (%)	29.67
	28,780,733
Increase ordinary shares	17,802,000
Book value of the Group in associate	46,582,733

As at December 31, 2018 and 2017, the subsidiary has investment in Fakwantip Co., Ltd. amount of Baht 47.80 million and Baht 30.00 million respectively.

On November 17, 2016, the rehabilitation plan manager of Fakwantip Co., Ltd. has submitted a request to the Central Bankruptcy Court to consider the proposal for changing the plan for the commercial operation date not exceeding on January 2, 2017, and repayment to the creditors. The rehabilitation plan manager will send a report and explanation to the court.

On March 15, 2017, the Central Bankruptcy Court agreed with the restructuring plan according to the resolution of the official creditors' meeting.

On February 14, 2018, the rehabilitation plan manager of Fakwantip Co., Ltd. has submitted a request to the Central Bankruptcy Court to consider and order the cancellation of the rehabilitation plan of Fakwantip Co., Ltd., which on July 31, 2018 the Court had command out of rehabilitation plan of Fakwantip Co., Ltd.

According the resolution of the Extraordinary General Meeting of Shareholders No. 2/2018, The Fakwantip Co.,Ltd. (the associated) on September 10, 2018, the directors approved the increase registered capital and the amendment of the Company Memorandum of Association by issue new ordinary shares 150,000,000 shares, par value at Baht 1.00, total amount of Baht 150.00 million that categorized as follows:-

Periods 1<sup>st</sup> on September 20, 2018 amount of Baht 60.00 million.

Periods 2<sup>nd</sup> on November 20, 2018 amount of Baht 60.00 million.

Periods 3<sup>rd</sup> on December 20, 2018 amount of Baht 30.00 million.

During the year, Fakwantip Co.,Ltd received proceeds from the increasing share capital amount of 43.83 million shares is Baht 1.00 per which is total outstanding of Baht 43.83 million, The Company registered capital of the principal with the Ministry of Commerce. As a result, authorized share capital increasing of Baht 17.80 million and the remaining amount is recognized as advance payment for shares amount of Baht 26.03 million.

As at December 31, 2018, Fakwantip Co., Ltd. did not completely repay the debt in accordance with debt restructuring agreement rehabilitation plan. Fakwantip Co., Ltd. has classified the whole amount of liability under debt restructuring agreement to current liabilities caption.



### 13. Other long-term investments

Consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Investments in other company				
- Fakwantip Co., Ltd. (Note 12)	-	30,000,000	-	-
Fixed deposits with obligation	20,460,503	36,630,401	20,460,503	36,630,401
Total	20,460,503	66,630,401	20,460,503	36,630,401

The Company has pledged its deposit at bank as collateral for the repayment of loans and collateral for the issuance of bank guarantee of the Company in the note to financial statement No.32.1.

### 14. Investment property

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>			
	Land and Land improvement	Building and improvement	Building under construction	Total
<b>Cost :-</b>				
As at January 1, 2017	60,133,158	1,092,055	-	61,225,213
<b>Purchase</b>	-	-	-	-
As at December 31, 2017	60,133,158	1,092,055	-	61,225,213
<b>Purchase</b>	-	1,650,000	-	1,650,000
Transfer in from property, plant and equipment	36,173,774	-	49,183,420	85,357,194
Transfer in / Transfer out	(39,815,370)	39,815,370	2,940,000	2,940,000
As at December 31, 2018	56,491,562	42,557,425	52,123,420	151,172,407
<b>Accumulated depreciation :-</b>				
As at January 1, 2017	-	(123,460)	-	(123,460)
<b>Depreciation for the year</b>	-	(46,143)	-	(46,143)
As at December 31, 2017	-	(169,603)	-	(169,603)
<b>Depreciation for the year</b>	-	(4,059,406)	-	(4,059,406)
As at December 31, 2018	-	(4,229,009)	-	(4,229,009)
<b>Net book value :-</b>				
As at December 31, 2017	60,133,158	922,452	-	61,055,610
As at December 31, 2018	56,491,562	38,328,416	52,123,420	146,943,398
Depreciation in the statements of income for the year				
Ended December 31, 2017				46,143
Ended December 31, 2018				4,059,406

During the year, The Company transfer in from property, plant and equipment amount of Baht 85.36 million because change the purpose of used.

[illegible]

(Unit : Baht)

Separate financial statement							
	Land and land improvement	Building and buiding improvement	Machine and equipment	Furniture And office-equipment	Vehicles	Construction in progress	Total
Cost :-							
As at January 1, 2017	130,211,149	165,183,091	669,275,139	22,069,646	29,096,168	13,460,275	1,029,295,468
Purchase	-	1,296,861	11,783,582	648,420	-	29,269,715	42,998,578
Transfer in	-	-	944,390	-	1,468,458	-	2,412,848
Transfer out	-	-	-	-	(1,468,458)	(1,072,628)	(2,541,086)
Disposal/write off	-	(489,666)	(3,085,881)	(1,013,699)	-	-	(4,589,246)
Transfer out to non-current assets classified as held for sale	-	-	(1,260,492)	-	-	-	(1,260,492)
As at December 31, 2017	130,211,149	165,990,286	677,656,738	21,704,367	29,096,168	41,657,362	1,066,316,070
Purchase	8,061	71,387	23,512,127	1,539,598	684,386	15,363,799	41,179,358
Transfer in non-current assets classified as held for sale	-	-	12,176,659	-	-	-	12,769,659
Transfer in	638,550	89,302	3,251,219	-	-	-	3,979,071
Transfer out	-	-	-	-	-	(3,979,071)	(3,979,071)
Disposal/write off	-	(600,000)	(32,306,521)	(2,367,925)	(1,385,047)	-	(36,659,493)
Transfer out to investment properties	(36,173,774)	-	-	-	-	(49,183,420)	(85,357,194)
As at December 31, 2018	94,683,986	165,550,975	684,290,222	20,876,040	28,395,507	3,858,670	997,655,400
Accumulated depreciation :-							
As at January 1, 2017	-	(108,709,318)	(494,731,201)	(18,106,116)	(16,240,244)	-	(637,786,879)
Depreciation for the year	-	(7,905,238)	(42,674,219)	(1,834,017)	(4,842,222)	-	(57,255,696)
Transfer in	-	-	-	-	(842,308)	-	(842,308)
Transfer out	-	-	-	-	842,308	-	842,308
Transfer out to non-current assets classified as held for sale	-	-	1,220,547	-	-	-	1,220,547
Disposal/write off	-	462,967	2,601,636	991,297	-	-	4,055,899
As at December 31, 2017	-	(116,151,589)	(533,583,237)	(18,948,837)	(21,082,466)	-	(689,766,129)
Depreciation for the year	-	(7,575,590)	(38,204,544)	(1,401,810)	(4,631,672)	-	(51,813,616)
Transfer in non-current assets classified as held for sale	-	-	(10,642,803)	-	-	-	(10,642,803)
Disposal/write off	-	599,999	31,860,925	2,343,542	1,385,045	-	36,189,511
As at December 31, 2018	-	(123,127,180)	(550,569,659)	(18,007,105)	(24,329,093)	-	(716,033,037)
Allowance for impairment							
As at December 1, 2017	-	-	-	-	-	-	-
As at December 31, 2017	-	-	-	-	-	-	-
Transfer in non-current assets classified as held for sale	-	-	(290,241)	-	-	-	(290,241)
As at December 31, 2018	-	-	(290,241)	-	-	-	(290,241)
Net book value :-							
As at December 31, 2017	130,211,149	49,838,697	144,073,501	2,755,530	8,013,702	41,657,362	376,549,941
As at December 31, 2018	94,683,986	42,423,795	133,430,322	2,868,935	4,066,414	3,858,670	281,332,122
Depreciation in the statements of income for the year							
Ended December 31, 2017							57,255,696
Ended December 31, 2018							51,813,616

- Consolidated financial statements and separate financial statements

As at Desember 31, 2018 The Company had land, property and machinery in the cost value of Baht 475.16 million and the book value of Baht 117.41 million and to be acquired in the future pledged for collateral against credit line to commercial banks and financial institutions in the note to financial statements No.19 and 32.1.

16. Deferred leasehold land

Consisted of :-

	(Unit: Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Leasehold land-cost	22,644,207	32,270,526
<u>Less</u> Accumulated amortization	(11,694,807)	(14,286,116)
<u>Less</u> Allowance for impairment loss	-	(5,561,333)
Net	<u>10,949,400</u>	<u>12,423,077</u>

As at December 31, 2018 and 2017, leasehold recorded in the subsidiary amounting Baht 22.00 million is leases of land title deeds No. 7919 and 7920 Maret District, Koh Samui Surat Thani, amortized according to the duration of the leased contract for 26 years (June 2005 to June 2031).

As at December 31, 2017, the subsidiary canceled leasehold recorded in the subsidiary amounting Baht 10.27 million and amortized allowance for impairment loss amounting Baht 5.56 million, leases of land title deeds No. 24160 with the building of the Room Hotel, Bophut District, Koh Samui Surat Thani, amortized according to the duration of the leased contract for 20 years (January 2010 to December 2029). On December 22, 2017, the subsidiary has signed contract to sell the leasehold and assets. The buyer will start operating from January 1, 2018, totaling Baht 1,000,000, payment on the contract date of Baht 200,000. The remaining amount is paid monthly at Baht 100,000 per month for 8 months on the fifth day of the month. The first installment is start in February 5, 2018, onwards. The subsidiary received the payment of leasehold and assets the first installment in March 2018.

17. Intangible assets

Consisted of :-

(Unit : Baht)

	Consolidated financial statements			
	Computer program	Deferred expenses	Development program	Total
<b>Cost :-</b>				
As at January 1, 2017	26,630,585	451,000	-	27,081,585
Purchase	207,500	-	-	207,500
Disposal/write off	(120,000)	-	-	(120,000)
As at December 31, 2017	26,718,085	451,000	-	27,169,085
Purchase	1,797,513	-	2,050,000	3,847,513
As at December 31, 2018	28,515,598	451,000	2,050,000	31,016,598
<b>Accumulated amortization :-</b>				
As at January 1, 2017	(22,242,481)	(371,301)	-	(22,613,782)
Amortization expenses	(1,537,579)	(44,854)	-	(1,582,433)
Disposal/write off	91,392	-	-	91,392
As at December 31, 2017	(23,688,668)	(416,155)	-	(24,104,823)
Amortization expenses	(1,589,892)	(34,845)	-	(1,624,737)
As at December 31, 2018	(25,278,560)	(451,000)	-	(25,729,560)
<b>Book value net :-</b>				
As at December 31, 2017	3,029,417	34,845	-	3,064,262
As at December 31, 2018	3,237,038	-	2,050,000	5,287,038

**Amortization in the statement of income for the year**

Ended December 31, 2017	1,582,433
Ended December 31, 2018	1,624,737

(Unit : Baht)

	Separate financial statements		
	Computer program	Development program	Total
<b>Cost :-</b>			
As at January 1, 2017	25,736,720	-	25,736,720
Purchase	177,500	-	177,500
Disposal/write off	(120,000)	-	(120,000)
As at December 31, 2017	25,794,220	-	25,794,220
Purchase	1,372,838	2,050,000	3,422,838
As at December 31, 2018	27,167,058	2,050,000	29,217,058
<b>Accumulated amortization :-</b>			
As at January 1, 2017	(21,348,620)	-	(21,348,620)
Amortization expenses	(1,535,377)	-	(1,535,377)
Disposal/write off	91,392	-	91,392
As at December 31, 2017	(22,792,605)	-	(22,792,605)
Amortization expenses	(1,519,667)	-	(1,519,667)
As at December 31, 2018	(24,312,272)	-	(24,312,272)
<b>Book value net :-</b>			
As at December 31, 2017	3,001,615	-	3,001,615
As at December 31, 2018	2,854,786	2,050,000	4,904,786

**Amortization in the statement of income for the year**

Ended December 31, 2017	1,535,377
Ended December 31, 2018	1,519,667

18. Deferred tax assets

Deferred tax assets and liabilities as at December 31, 2018 and 2017 were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets	15,710,556	15,929,823	49,905,793	44,556,747
Deferred tax liabilities	-	-	-	-
Net	15,710,556	15,929,823	49,905,793	44,556,747

Movements in total deferred tax assets and liabilities for the year ended December 31, 2018 and 2017, were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>			<u>Separate financial statements</u>		
	As at January 1, 2018	(Charged) / credited to statements of income (Note 27.1)	As at December 31, 2018	As at January 1, 2018	(Charged) / credited to statements of income (Note 27.1)	As at December 31, 2018
Deferred tax assets						
Temporary investments	260,000	132,000	392,000	260,000	132,000	392,000
Trade and other receivables	4,247,733	(224,561)	4,023,172	4,247,733	(224,561)	4,023,172
Inventories	3,244,173	(18,872)	3,225,301	3,244,173	(18,872)	3,225,301
Non-current assets classified as held for sale	82,990	(82,990)	-	82,990	(82,990)	-
Investment in subsidiaries	-	-	-	29,309,568	4,885,669	34,195,237
Property, plant and equipment	-	58,048	58,048	-	58,048	58,048
Employee benefit obligations	7,412,283	599,752	8,012,035	7,412,283	599,752	8,012,035
Tax losses carried forward for not more than five years	682,644	(682,644)	-	-	-	-
Total	15,929,823	(219,267)	15,710,556	44,556,747	5,349,046	49,905,793

(Unit : Baht)

	Consolidated financial statements				Separate financial statements			
	As at January 1, 2017	(Charged) / credited to statements of income (Note 27.1)	(Charged)/ credited to statements of comprehensive income (Note 27.2)	As at December 31, 2017	As at January 1, 2017	(Charged) / credited to statements of income (Note 27.1)	(Charged)/ credited to statements of comprehensive income (Note 27.2)	As at December 31, 2017
Deferred tax assets								
Temporary investments	260,000	-	-	260,000	260,000	-	-	260,000
Trade and other receivables	3,594,495	653,238	-	4,247,733	3,594,495	653,238	-	4,247,733
Inventories	3,420,856	(176,683)	-	3,244,173	3,420,856	(176,683)	-	3,244,173
Non-current assets classified as held for sale	80,037	2,953	-	82,990	80,037	2,953	-	82,990
Investment in subsidiaries	-	-	-	-	29,309,568	-	-	29,309,568
Employee benefit obligations	6,028,187	475,546	908,550	7,412,283	6,028,186	475,547	908,550	7,412,283
Tax losses carried forward for not more than five years	-	682,644	-	682,644	-	-	-	-
Total	13,383,575	1,637,698	908,550	15,929,823	42,693,142	955,055	908,550	44,556,747

As at December 31, 2018 and 2017, the consolidated financial statement, the Group had temporary difference mainly arising from the unutilized tax losses with consolidated financial statements Baht 283.18 million and Baht 140.13 million respectively, which have not been recognized as deferred tax assets in the statement of financial position. (because it is not probable that it will be able to utilize the tax benefit in the foreseeable future).

#### 19. Short-term loans from financial institutions

Consisted of :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Bank overdraft	24,751,261	10,905,729
Promissory note	20,000,000	50,000,000
Trust receipt	53,170,019	49,787,110
Total	97,921,280	110,692,839



As at December 31, 2018 and 2017, the Group held bank overdrafts, trust receipt, letters of credit and promissory note facilities from several financial institutions as mentioned in the note to financial statements No. 32.1 which bearing the interest rates at MOR, MOR-1, 4.00-7.42 per annum and MOR, MOR-1, 3.27-6.48 per annum respectively.

Such credit facility line is pledged by mortgaged register of land, property and machinery as mentioned in the note to financial statements No. 15. Furthermore, the benefit from the insurance of those assets was forfeited to the lenders. Also the Company and director of the Company jointly gave guarantees and under conditions of the trust receipt agreement. The company would receive imported goods by using credit facility from financial institution, thus the company has obligation to that financial institution for the value of imported goods, both being stored or already sold.

## 20. Short-term loans from other parties

As at December 31, 2018 and 2017, factoring payables amount of Baht 52.00 million and Baht 25.72 million respectively, is loan from the transfer of claims in the account trade receivable according note to financial statements No. 8. To a factoring company and interest is carried by the rate at 5.50% per annum for the both years.

## 21. Trade and other payables

Consisted of :-

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables	142,949,440	162,963,870	142,602,710	162,682,651
Post dated cheque	1,616,184	1,860,538	1,078,321	1,831,648
Accrued expenses	13,382,903	17,603,570	11,137,976	14,600,753
Advance received	71,396,932	14,750,029	66,375,024	14,130,253
Other payable	18,528,434	9,340,624	17,879,777	8,589,569
Total	247,873,893	206,518,631	239,073,808	201,834,874

## 22. Liabilities under financial lease agreement

Consisted of :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Liabilities under financial lease agreement	1,353,794	3,057,937
<u>Less</u> Deferred interest	(40,183)	(345,913)
Present value of financial lease agreement	1,313,611	2,712,024
<u>Less</u> Current portion	(1,292,611)	(1,476,943)
Net	21,000	1,235,081

The Company has future minimum lease payments required under the finance lease agreements were as follows:-

	<u>(Unit : Baht)</u>					
	<u>As at December 31, 2018</u>			<u>As at December 31, 2017</u>		
	Future minimum lease payment	Interest	Present value of minimum lease payment	Future minimum lease payment	Interest	Present value of minimum lease payment
Within one year	1,332,686	(40,075)	1,292,611	1,704,144	(227,201)	1,476,943
After one year but within five years	21,108	(108)	21,000	1,353,793	(118,712)	1,235,081
Total	1,353,794	(40,183)	1,313,611	3,057,937	(345,913)	2,712,024

## 23. Employee benefit obligation

Employee benefit obligations were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning present value of the obligation	37,121,945	30,206,398	37,061,416	30,140,932
Current service cost	3,124,392	2,323,279	3,051,896	2,330,161
Interest cost	1,167,649	1,116,966	1,163,094	1,115,021
<u>Less</u> Benefit paid	(1,216,230)	(1,067,450)	(1,216,230)	(1,067,450)
Actuarial loss arising from defined benefit plan	-	4,542,752	-	4,542,752
Ending present value of the obligation	40,197,756	37,121,945	40,060,176	37,061,416

Expenses recognized in statements of comprehensive income are shown collectively for the year ended December 31, 2018 and 2017 were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Recognized in profit or loss</u>				
Cost of sales and services	1,803,695	1,446,016	1,803,695	1,446,016
Administrative expenses	2,488,346	1,994,229	2,411,295	1,999,166
Total	4,292,041	3,440,245	4,214,990	3,445,182
<u>Recognized in other comprehensive income</u>				
Actuarial loss arising from defined benefit plan	-	4,542,752	-	4,542,752

The principal assumptions used for the purposes of the actuarial valuation were as follows :-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.96%-3.32%	2.96%-3.32%	2.96%-3.08%	2.96%-3.08%
Average salary increase rate	2.94%-5.00%	2.94%-5.00%	2.94%-4.14%	2.94%-4.14%
Employee turnover rate	0-45 %	0-45 %	0-45 %	0-45 %
Retirement age	60 years old	60 years old	60 years old	60 years old

Assumptions on the future mortality rate hold to the publicly published statistic information. The discount rate is based on the interest rate of long-term government bonds which the maturity dates nearby maturity of the employee's remuneration debt.

#### Sensitivity analysis

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

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2561</u>	<u>2560</u>	<u>2561</u>	<u>2560</u>
Discount increase rate (0.50% movement)	1,217,106	1,235,227	1,206,078	1,230,396
Discount decrease rate (0.50% movement)	(1,312,268)	(1,329,565)	(1,300,001)	(1,324,169)
Future salary growth increase (0.50% movement)	(1,399,714)	(1,271,336)	(1,386,982)	(1,266,057)
Future salary growth decrease (0.50% movement)	1,307,432	1,192,074	1,295,899	1,187,294
Employee turnover increase rate (0.50% movement)	1,461,067	1,279,824	1,448,342	1,274,551
Employee turnover decrease rate (0.50% movement)	(1,533,909)	(1,343,772)	(1,519,709)	(1,337,885)

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being published in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment which the Group have recorded the effect of the change by recognizing past service costs as expenses immediately in profit or loss of the period in which the law is effective.

The Group is currently assessing the impact of additional recognition of employee benefit obligations from the enforcement of such laws.

#### 24. Share capital

On April 24, 2017, the Ordinary General Shareholders' Meeting for 2017 was held and approved the resolutions as follows:-

- Approved to decrease of the Company's authorized share capital of Baht 648,576,474 to Baht 540,489,270 due to expired of warrant CIG-W5 and to approve amendment to Clause 4 of the Company's Memorandum of Association in accordance with the decrease of authorized share capital.

The Company has registered the capital decrease with the Ministry of Commerce on May 3, 2017.

- Approved to increase of the Company's authorized share capital of 216,195,708 shares with a par value of Baht 0.50 per share, equal to Baht 108,097,854 to accommodate the exercise of CIG-W7 and to approve amendment to Clause 4 of the Company's Memorandum of Association in accordance with the increase of authorized share capital.

The Company has registered the capital increase with the Ministry of Commerce on May 4, 2017.

- Approved issuance and allocation of the increased common stocks of not exceeding 216,195,708 shares with a par value of Baht 0.50 per share in accordance with the increase registered capital of the Company to accommodate the exercise of CIG-W7. It is assigned to the Board of Directors of the Company and/or the Authorized Directors and/or the person assigned by the Board of Directors of the Company and/or the Authorized Directors to have his power to consider and to determine remaining capital for unexercised warrants as seen appropriate.

## 25. Warrants

### CIG-W7 Warrants

Type of warrants	: Warrants No. 7 appropriated for the former shareholders of the Company (Warrants No. 7 or “CIG-W7”)
Number of warrants	: 216,915,708 units
Term of warrants	: 2 years from the issuance date. (Date of issuance is on April 3, 2017 and the Maturity Date is on February 14, 2019)
Exercise Price	: At Baht 2.00 per share (par value at Baht 1.00)
First exercise date	: June 30, 2017
Last exercise date	: February 14, 2019
Outstanding unit as at December 31, 2018	: 216,915,708 units

### CIG-W6 Warrants

Type of warrants	: Warrants No. 6 appropriated for the former shareholders of the Company (Warrants No. 6 or “CIG-W6”)
Number of warrants	: 216,912,158 units
Term of warrants	: 2 years from the issuance date. (Date of issuance is on May 11, 2016 and the Maturity Date is on May 30, 2018)
Exercise Price	: At Baht 1.50 per share (par value at Baht 1.00)
First exercise date	: June 30, 2016
Last exercise date	: May 31, 2018
Total warrants exercised	: 400 units

### Capital management

The primary objectives of the Group’s capital management is to maintain their ability to continue as a going concern, to maintain an appropriate capital structure, and to maintain ratio of debt to equity to not exceeding the compliance with the loan agreements.

As at December 31, 2018 and 2017, in the consolidated financial statements, the debt to equity ratio is 0.66 : 1 and 0.54 : 1 respectively, and separate financial statements debt to equity ratio is 0.59 : 1 and 0.47 : 1 respectively.

## 26. Expenses by nature

Consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Changes in inventories of finished goods and work in process	(6,040,394)	(8,353,840)	(5,909,674)	(8,353,040)
Raw materials and consumables used	707,984,767	529,357,046	707,984,767	529,357,046
Management benefit expenses	2,885,000	2,865,000	2,885,000	2,865,000
Employee benefit expenses	235,323,900	223,656,292	222,388,821	213,952,354
Depreciation and amortization expenses	67,807,548	68,594,545	57,392,689	58,837,216
Loss from investments impairment	660,000	-	55,529,118	-
Transportation expenses	20,434,370	16,456,193	20,434,370	16,456,093
Sale promotion expenses	21,470,973	13,393,700	20,844,669	13,055,641
Utility expenses	13,400,242	13,424,759	12,194,492	12,102,074
Finance costs	8,843,918	6,983,245	8,843,918	6,982,464
Other operating expenses	69,819,038	68,510,434	48,276,022	95,836,091
Total	1,142,589,362	934,887,374	1,150,864,192	941,090,939

## 27. Income tax (revenues) expenses

### 27.1 Income tax is recognized in profit or loss

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current tax expenses	-	169,424	-	169,424
Deferred tax expenses (Note 18)				
Movements in temporary differences	219,267	(1,637,698)	(5,349,046)	(955,055)
Income tax (revenues) expenses	219,267	(1,468,274)	(5,349,046)	(785,631)

### 27.2 Income tax is recognized in other comprehensive income

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Actuarial loss arising from defined benefit plan	-	4,542,752	-	4,542,752
Applicable tax rate	20%	20%	20%	20%
Income tax relevance with other comprehensive income	-	908,550	-	908,550

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2018 and 2017 as follows:-

	(Unit : Baht)			
	<u>Consolidated financial statement</u>		<u>Separate financial statement</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting loss before tax	(39,385,533)	(34,641,733)	(63,855,067)	(54,166,036)
Applicable tax rate	20 %	20 %	20 %	20 %
Accounting loss before tax multiplied by applicable tax rate	(7,877,107)	(6,928,347)	(12,771,013)	(10,833,207)
Tax effect of income and expenses that are not considered				
As income tax expense as follows:-				
Depreciation of cars worth more than 1 million Baht	167,904	167,850	167,904	167,850
Loss on devaluation of inventories	(18,872)	(176,683)	(18,872)	(176,682)
Loss from investments impairment	-	-	4,885,668	-
Loss from loans impairment	-	-	6,088,156	10,653,238
Employee benefit obligations	599,752	475,546	599,752	475,546
Tax losses not yet used	6,257,544	4,582,546	277,639	-
Other	870,779	2,048,512	770,766	(117,321)
Total	-	169,424	-	169,424
Changes in temporary differences	219,267	(1,637,698)	(5,349,046)	(955,055)
Income tax (revenues) expense reported in comprehensive income statement	219,267	(1,468,274)	(5,349,046)	(785,631)

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at December 31, 2018 and 2017, in accordance with the clarification issued by the FAP in 2012.

## 28. Loss per share

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss for the year (Unit : Baht)	(39,604,800)	(33,163,985)	(58,506,021)	(53,380,405)
The number of issued and paid-up ordinary shares (Unit : Shares)	864,786,382	864,786,382	864,786,382	864,786,382
Loss per share (Baht/share)	(0.0458)	(0.0383)	(0.0677)	(0.0617)

For the diluted loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and paid-up is adjusted to assume conversion of all dilutive potential ordinary shares, which is calculated by the weighted average number of ordinary shares which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of warrant would be considered to have been received from the issue of shares at fair value. The company has not show diluted loss per share for the year ended December 31, 2018, because the average fair price of the ordinary share is lower than the exercise price of the warrant.

## 29. Segment information

The Group are engaged in the business of manufacturing and distributing of air-conditioning and refrigeration units and parts, including maintenance , inspection services and construction services and hotel business profit (loss) on each type of business arises from total sales less cost of sales and selling and administrative expenses of each business.

The information on business sector operation of the Group were as follows :-

(Unit : Baht)

Consolidated financial statements				
For the year ended December 31, 2018				
	Air-conditioning products and parts	Construction services	Hotel services	Total
Local revenues from sales and services	560,802,846	129,827,334	17,314,500	707,944,680
Export revenues from sales and services	382,445,761	-	-	382,445,761
Total	943,248,607	129,827,334	17,314,500	1,090,390,441
Cost of sales and services	(795,259,476)	(119,858,379)	(27,108,726)	(942,226,581)
Gross profit (loss) by segment	147,989,131	9,968,955	(9,794,226)	148,163,860
Non-allocation expenses				(191,518,863)
Loss from operations				(43,355,004)
Other incomes				14,032,655
Finance costs				(8,843,918)
Share of loss on investment in associate				(1,219,267)
Income tax expenses				(219,267)
Loss for the year				(39,604,800)
Other comprehensive income				-
Total comprehensive income				(39,604,800)
Fixed assets				427,580,201
Center fixed assets				753,785,092
Total assets				1,181,365,293



(Unit : Baht)

## Consolidated financial statements

For the year ended December 31, 2017

	Air-conditioning products and parts	Construction Services	Hotel services	Total
Local revenues from sales and services	502,884,316	22,138,184	15,713,670	540,736,170
Export revenues from sales and services	330,064,942	-	-	330,064,942
Total	832,949,258	22,138,184	15,713,670	870,801,112
Cost of sales and services	(712,944,000)	(19,964,970)	(19,197,791)	(752,106,761)
Gross profit (loss) by segment	120,005,258	2,173,214	(3,484,121)	118,694,351
Non-allocation expenses				(175,797,368)
Loss from operations				(57,103,017)
Other incomes				29,444,529
Finance costs				(6,983,245)
Income tax expenses				1,468,274
Loss for the year				(33,173,459)
Other comprehensive income				(3,634,202)
Total comprehensive income				(36,807,661)
Fixed assets				502,274,120
Center fixed assets				651,935,842
Total assets				1,154,209,962

For the year ended December 31, 2018 and 2017, the Group's major customers are worth higher than 10% of the revenues from sale of two individual amount of total sales of Baht 484.16 million and three individual amount of total sales of Baht 515.79 million respectively.

### 30. Financial instruments

#### Policy on financial risk management

The Group possess risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Group will consider to use appropriate financial instruments when it considers necessary to manage such risks. However, the Group has no policy to hold or issue any financial instruments for speculation or for trading.

### Risk on credit provision

The Group obtain risk from credit provision in relation to trade accounts receivable mostly derived from sales and service of clients. However, the Group hold the conservative policy in providing credit. Furthermore, the numbers of debtors of the Group are several thus the Group does not expected the material damage from debt collection.

### Risk on interest rate

The Group's risk on interest rates is derived from the change of the market interest rates in the future, which affect upon the Group Companies's operating result and cash flow. However, the Group manage the interest rate risks by applying various instruments including the allocation of the investments at fixed and floating interest rates appropriately to suit the various activities of the Group with the following details:-

(Unit : Baht)

Consolidated financial statements						
As at December 31, 2018						
	Fixed interest rate		Floating	Non	Total	Interest
	Within	Interest rate	interest bearing	interest bearing		rate
	1 year	2 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalent items	-	-	8,405,360	12,252,997	20,658,357	0.04-1.10
Short-term loans to related parties	14,000,000	-	-	-	14,000,000	1.50-15.00
Short-term loans to other party	6,200,000	-	-	-	6,200,000	15.00
Default payment of loan to other person	-	-	-	38,910,289	38,910,289	-
Trade and other receivable	-	-	-	199,248,746	199,248,746	-
Total	20,200,000	-	8,405,360	250,412,032	279,017,392	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	20,000,000	-	77,921,280	-	97,921,280	0.00-7.42
Short-term loans from other parties	51,998,728	-	-	-	51,998,728	5.50
Liabilities under finance lease agreement	1,292,611	21,000	-	-	1,313,611	0.62-4.77
Trade and other payable	-	-	-	247,873,893	247,873,893	-
Total	73,291,339	21,000	77,921,280	247,873,893	399,107,512	

(Unit : Baht)

## Consolidated financial statements

As at December 31, 2017

	Fixed interest rate		Floating	Non	Total	Interest
	Within	Interest rate	interest bearing	interest bearing		rate
	1 year	2 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalent items	-	-	9,688,055	22,232,240	31,920,295	0.04-1.25
Short-term loans to related parties	18,000,000	-	-	-	18,000,000	1.50-15.00
Default payment of loan to other person	-	-	-	38,910,289	38,910,289	-
Trade and other receivable	-	-	-	203,540,630	203,540,630	-
Total	18,000,000	-	9,688,055	264,683,159	292,371,214	

**Financial liabilities**

Short-term loans from financial institutions	50,000,000	-	60,692,839	-	110,692,839	0.00-7.42
Short-term loans from other parties	25,723,638	-	-	-	25,723,638	5.50
Liabilities under finance lease agreement	1,476,943	1,235,081	-	-	2,712,024	0.62-4.77
Trade and other payable	-	-	-	206,518,631	206,518,631	-
Total	77,200,581	1,235,081	60,692,839	206,518,631	345,647,132	

(Unit : Baht)

## Separate financial statements

As at December 31, 2018

	Fixed interest rate		Floating	Non	Total	Interest
	Within	Interest rate	interest bearing	interest bearing		rate
	1 year	2 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalent items	-	-	3,217,106	12,027,489	15,244,595	0.04-1.10
Short-term loans to related parties	95,261,500	-	-	-	95,261,500	1.50
Default payment of loan to other person	-	-	-	38,910,289	38,910,289	-
Trade and other receivable	-	-	-	205,618,579	205,618,579	-
Long-term loans to related parties	-	102,059,223	-	-	102,059,223	1.50
Total	95,261,500	102,059,223	3,217,106	256,556,357	457,094,186	

**Financial liabilities**

Short-term loans from financial institutions	20,000,000	-	77,921,280	-	97,921,280	0.00-7.42
Short-term loans from other parties	51,998,728	-	-	-	51,998,728	5.50
Liabilities under finance lease agreement	1,292,611	21,000	-	-	1,313,611	0.62-4.77
Trade and other payable	-	-	-	239,073,808	239,073,808	-
Total	73,291,339	21,000	77,921,280	239,073,808	390,307,427	

(Unit : Baht)

Separate financial statements						
As at December 31, 2017						
	Fixed interest rate		Floating	Non	Total	Interest
	Within	Interest rate	interest bearing	interest bearing		rate
	1 year	2 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalent items	-	-	6,877,249	22,130,338	29,007,587	0.04-1.25
Short-term loans to related parties	37,261,500	-	-	-	37,261,500	1.50
Default payment of loan to other person	-	38,910,289	-	-	38,910,289	-
Trade and other receivable	-	-	-	207,017,440	207,017,440	-
Long-term loans to related parties	-	132,500,000	-	-	132,500,000	1.50
Total	37,261,500	171,410,289	6,877,249	229,147,778	444,696,816	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	50,000,000	-	60,692,839	-	110,692,839	0.00-7.42
Short-term loans from other parties	25,723,638	-	-	-	25,723,638	5.50
Liabilities under finance lease agreement	1,476,943	1,235,081	-	-	2,712,024	0.62-4.77
Trade and other payable	-	-	-	201,834,874	201,834,874	-
Total	77,200,581	1,235,081	60,692,839	201,834,874	340,963,375	

**Risk on exchange rate**

Regarding risk on exchange rates of the Group, mainly involves with sell goods and purchase of raw materials under the foreign currencies as at December 31, 2018 and 2017, the Group obtained assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows:-

Consolidated/Separate financial statements				
Currency (Unit : Thousand)	As at December 31, 2018		As at December 31, 2017	
	Asset	Liability	Asset	Liability
USD	1,920	2,430	3,203	3,774
AUD	11	-	61	-
EUR	-	-	-	1

### Fair value hierarchy

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Group's management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

### 31. Fair value measurement

As of December 31, 2018 and 2017, the Group had the assets which measured and disclosed fair value using different levels of inputs as follows:

(Unit : Million Baht)

	<u>Consolidated/Separate financial statements</u>							
	<u>As at December 31, 2018</u>				<u>As at December 31, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets disclosed at fair value</u>								
Investment properties (Note 14)	-	-	235.69	235.69	-	-	127.70	127.70

### 32. Obligation and contingent liabilities

Apart from liabilities reflected in the statement of financial position as at December 31, 2018 and 2017, the Group held other obligations as follows:-

#### 32.1 Obligation of credit lines for loans from financial institutions were as follow :-

		<u>Consolidated / Separate financial statements</u>					
	<u>Currencies</u>	<u>As at December 31, 2018</u>			<u>As at December 31, 2017</u>		
	<u>(Unit : Million)</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Letters of guarantee	Baht	197.46	129.36	68.10	38.30	38.30	-
Letters of credit and trust receipt	USD	135.00	92.60	42.40	105.00	49.79	55.21
Bank overdrafts	Baht	30.00	24.75	5.25	25.00	10.91	14.09
Short-term loans	Baht	20.00	20.00	-	50.00	50.00	-

The above credit facilities are guaranteed by the collaterals as mentioned in the note to financial statements No. 13 and 15.

32.2 As at December 31, 2018 and 2017, the Company has capital expenditure commitment for the purchase of machinery and equipment contract amount of Baht 5.00 million and Baht 9.27 million respectively.

32.3 As at December 31, 2017, the subsidiary company has capital expenditure commitment for the purchase of land contract amount of Baht 23.58 million.

32.4 As at December 31, 2018 and 2017, the Group has obligations as a operating lease, the term of agreements generally are 3 to 12 years. Future minimum lease payments required under these lease contracts were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within 1 year	1,543,500	480,000	480,000	480,000
Over 1 and up to 5 years	1,924,900	760,000	280,000	760,000
Total	3,468,400	1,240,000	760,000	1,240,000

### 33. Approval of financial statements

These financial statements have been approved for issuance by C.I.GROUP PUBLIC COMPANY LIMITED authorized directors on February 26, 2019.

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