

EKC Industries (Thailand) Co., Ltd.

Statutory Financial Statement

As at March 31, 2016

Auditor's Report

To the Shareholders of EKC Industries (Thailand) Co., Ltd.

I have audited the financial statements of EKC Industries (Thailand) Co., Ltd. which comprise the statement of financial position as at March 31, 2016, and the related statement of income, and statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EKC Industries (Thailand) Co., Ltd. as at March 31, 2016, the results of its operations for the year then ended in accordance with Thai Financial Reporting Standards applicable to non-publicly accountable entities.

(Mr. Yuttana Worawechtanakul)

Certified Public Accountant (Thailand)

Registration No. 4683

Collins Auditing Limited

Bangkok

May 4, 2016

EKC INDUSTRIES (THAILAND) CO., LTD.

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2016

		2016	2015
ASSETS	Note	Baht	Baht
CURRENT ASSETS			
Cash equivalents	3.2	2,884,951.13	24,433,459.08
Trade and other receivables	3.3 and 5	19,967,177.57	12,093,965.75
Inventories	3.4	-	10,391,213.19
Prepayment purchase - related companies	6.1	68,850,314.10	41,381,819.25
Account receivable revenue department		1,459,202.44	1,504,227.35
TOTAL CURRENT ASSETS		93,161,645.24	89,804,684.62
NON - CURRENT ASSETS			
Short term loan to related companies-			
and accrued interest income	6.2	13,435,307.94	11,614,461.18
Deposit		-	40,000.00
TOTAL NON - CURRENT ASSETS		13,435,307.94	11,654,461.18
TOTAL ASSETS		106,596,953.18	101,459,145.80

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The notes to financial statement on page 5 to 9 form an integral part to these financial statements.

The financial statements as at March 31, 2016 has been approved by the Shareholders' meeting on.....

Director

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EKC INDUSTRIES (THAILAND) CO., LTD.

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY		2016	2015
LIABILITIES	Note	Baht	Baht
CURRENT LIABILITIES			
Trade and other payables	7	2,606,030.48	1,675,294.26
Current Income tax payable		797,740.51	-
TOTAL CURRENT LIABILITIES		3,403,770.99	1,675,294.26
NON - CURRENT LIABILITIES			
Advance from related company	6.3	334,418.50	334,418.50
TOTAL NON - CURRENT LIABILITIES		334,418.50	334,418.50
TOTAL LIABILITIES		3,738,189.49	2,009,712.76
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
100,000 ordinary shares of Baht 1,000 per each		100,000,000.00	100,000,000.00
Paid-up share capital			
100,000 ordinary shares of Baht 1,000 per each		100,000,000.00	100,000,000.00
RETAINED EARNINGS (DEFICIT)		2,858,763.69	(550,566.96)
TOTAL SHAREHOLDERS' EQUITY		102,858,763.69	99,449,433.04
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		106,596,953.18	101,459,145.80

The notes to financial statement on page 5 to 9 form an integral part to these financial statements.

The financial statements as at March 31, 2016 has been approved by the Shareholders' meeting on.....

Director




EKC INDUSTRIES (THAILAND) CO., LTD.

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2016

	Note	2016	2015
		Baht	Baht
REVENUES			
Revenues from the sale of goods		12,240,565.03	15,110,972.05
Interest income		869,744.72	597,354.87
Gain on exchange rate		6,538,690.66	344,206.29
Other income		112,320.00	-
TOTAL REVENUES		19,761,320.41	16,052,533.21
EXPENSES			
Changes in inventories of finished goods		10,391,213.19	1,554,808.93
Purchase inventories		2,103,280.50	13,766,065.11
Import expenses		52,095.00	106,822.67
Rental expenses		100,000.00	240,000.00
Professional fee		1,349,942.98	1,962,226.75
Other expenses		1,557,717.58	231,883.84
TOTAL EXPENSES		15,554,249.25	17,861,807.30
PROFIT (LOSS) BEFORE FINANCIAL COSTS AND INCOME TAX EXPENSES		4,207,071.16	(1,809,274.09)
Financial costs		-	-
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		4,207,071.16	(1,809,274.09)
Income tax expense	3.7	797,740.51	-
NET PROFIT (LOSS)		3,409,330.65	(1,809,274.09)

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The notes to financial statement on page 5 to 9 form an integral part to these financial statements.

Director

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EKC INDUSTRIES (THAILAND) CO., LTD.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED MARCH 31, 2016

	<u>Baht</u>		
	<u>Paid-up</u>	<u>Retained</u>	<u>Total</u>
	<u>share capital</u>	<u>Earnings</u>	<u>Shareholders'</u>
		<u>(Deficit)</u>	<u>equity</u>
Brought forward April 1, 2014	100,000,000.00	1,258,707.13	101,258,707.13
Net profit (loss)	-	(1,809,274.09)	(1,809,274.09)
Carried forward March 31, 2015	<u>100,000,000.00</u>	<u>(550,566.96)</u>	<u>99,449,433.04</u>
Brought forward April 1, 2015	100,000,000.00	(550,566.96)	99,449,433.04
Net profit (loss)	-	3,409,330.65	3,409,330.65
Carried forward March 31, 2016	<u>100,000,000.00</u>	<u>2,858,763.69</u>	<u>102,858,763.69</u>

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The notes to financial statement on page 5 to 9 form an integral part to these financial statements.

Director

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EKC INDUSTRIES (THAILAND) CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

1. GENERAL INFORMATION

EKC Industries (Thailand) Co., Ltd. was registered under the civil and commercial code as a corporate entity, date on October 7, 2010. The company is engaged in business of high pressure seamless gas cylinders and other cylinders, equipments, appliances and tanks with their parts and accessories used or containing and storage of liquefied petroleum gases and other gases, liquids and air.

The address of its registered office is as follows :

269 Vibhavadee - Rangsit Road, Sanambin Sub-district, Donmueng District, Bangkok.

The major shareholder of the company is Everest Kanto Cylinder Ltd., in India, who owned 99.99% of the company's registered share capital.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with financial reporting standard applicable to non-publicly accountable entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 REVENUES AND EXPENSES RECOGNITION

Sales income

The company recognizes the service income represents the invoiced value, excluded value added tax, of service rendered.

Other income and expenses

Other income and expenses are recognised on an accrual basis.

3.2 CASH EQUIVALENTS

Cash equivalents consist of cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

Director



EKC INDUSTRIES (THAILAND) CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

3.3 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable 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 collection experience and analysis of debt aging.

3.4 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first in - first out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprise raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimated of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventories.

3.5 FOREIGN CURRENCIES

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

3.6 PROVISIONS

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.7 INCOME TAX EXPENSE

Income tax expense 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.

Director



EKC INDUSTRIES (THAILAND) CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

4. USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

5. TRADE AND OTHER RECEIVABLES

	2016	2015
	<u>Baht</u>	<u>Baht</u>
<u>Trade account receivables</u>		
Trade account receivables	20,353,161.39	11,574,659.80
<u>Less</u> Allowance for doubtful accounts	(415,800.16)	-
Total trade account receivables - net	<u>19,937,361.23</u>	<u>11,574,659.80</u>
<u>Other receivables</u>		
Post date cheque	-	438,300.00
Undue tax	18,086.18	14,496.79
Advance	7,410.16	7,037.16
Withholding tax deducted at source	4,320.00	4,320.00
Prepaid expenses	-	55,152.00
Total other receivables	<u>29,816.34</u>	<u>519,305.95</u>
Total trade and other receivables	<u><u>19,967,177.57</u></u>	<u><u>12,093,965.75</u></u>

6. TRANSACTION WITH RELATED COMPANIES

A substantial portion of the company's assets, liabilities, income and expenses represent transactions with related companies. These companies are related through common shareholdings and/or directorships. The accompanying financial statements reflect the effects of these transactions on the basis determined by the company and the parties concerned.

Director _____



EKC INDUSTRIES (THAILAND) CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

The following transactions were carried out with related companies for the period March 31,

6.1 PREPAYMENT PURCHASE - RELATED COMPANIES

	2016	2015
	<u>Baht</u>	<u>Baht</u>
Everest Kanto Cylinder Ltd.	24,067,405.13	-
EKC Industries (Tianjin) Co., Ltd.	44,782,908.97	41,381,819.25
Total prepayment purchase - related companies	<u>68,850,314.10</u>	<u>41,381,819.25</u>

The company has place orders for purchase of goods from related companies.

6.2 LONG TERM LOAN TO RELATED COMPANIES AND ACCRUED INTEREST INCOME

	2016	2015
	<u>Baht</u>	<u>Baht</u>
Long term loan - EKC International FZE	11,924,106.00	11,018,516.00
Accrued interest income	1,511,201.94	595,945.18
Total long term loan to related companies and accrued interest income	<u>13,435,307.94</u>	<u>11,614,461.18</u>

Long term loan, the company charges interest rate 7.25 percent per annum.

6.3 ADVANCE FROM RELATED COMPANY

	2016	2015
	<u>Baht</u>	<u>Baht</u>
Everest Kanto Cylinder Ltd.	<u>334,418.50</u>	<u>334,418.50</u>

Director

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EKC INDUSTRIES (THAILAND) CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

7. TRADE AND OTHER PAYABLES

	2016	2015
	<u>Baht</u>	<u>Baht</u>
Trade payables	2,283,777.30	1,288,490.32
Withholding tax payable	600.00	2,610.83
Accrued social security	6,798.00	6,798.00
Accrued expenses	314,845.18	377,385.11
Other payables	10.00	10.00
Total trade and other payables	<u>2,606,030.48</u>	<u>1,675,294.26</u>

8. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by the company's authorised director on May 4, 2016.



Director

