

***EKC Industries (Thailand) Co., Ltd.***

***Statutory Financial Statement***

***As at March 31, 2017***

408 อาคารพหลโยธินเพลส ชั้น 35  
ห้องเลขที่ 408/150 ถนนพหลโยธิน  
สามเสนใน พญาไท  
กรุงเทพฯ 10400  
โทรศัพท์ : 0 2619 0745-7

408 Phaholyothin Place Fl.35  
Rm. No.408/150 Phaholyothin Road  
Samsain-Nai Payatai  
Bangkok 10400  
Tel : 0 2619 0745-7

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

I have audited the financial statements of EKC Industries (Thailand) Co., Ltd. which comprise the statement of financial position as at March 31, 2017, and the statement of income, and the statement of changes in shareholder's equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of EKC Industries (Thailand) Co, Ltd. as at March 31, 2017, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for 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.

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

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### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

บริษัท คอลลินส์ ออดิตติ้ง จำกัด  
สำนักงานสอบบัญชี

Collins

Auditing Office

408 อาคารพหลโยธินเพลส ชั้น 35  
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We communicate with management 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.



(Mr. Yuttana Worawehtanakul)

Certified Public Accountant (Thailand) Registration No. 4683

Collins Auditing Limited

May 5, 2017







EKC INDUSTRIES (THAILAND) CO., LTD.

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2017

|  | <u>Note</u> | 2017                  | 2016                 |
|--|-------------|-----------------------|----------------------|
|  |             | <u>Baht</u>           | <u>Baht</u>          |
| <b>REVENUES</b>  |             |                       |                      |
| Revenues from the sale of goods                              |             | -                     | 12,240,565.03        |
| Interest income  |             | 857,869.05            | 869,744.72           |
| Gain on exchange rate  |             | -                     | 6,538,690.66         |
| Other income   |             | -                     | 112,320.00           |
| <b>TOTAL REVENUES</b>  |             | <u>857,869.05</u>     | <u>19,761,320.41</u> |
| <b>EXPENSES</b>  |             |                       |                      |
| Changes in inventories of finished goods                     |             | -                     | 10,391,213.19        |
| Purchase inventories   |             | -                     | 2,103,280.50         |
| Import expenses  |             | -                     | 52,095.00            |
| Rental expenses  |             | -                     | 100,000.00           |
| Professional fee   |             | 601,361.00            | 1,349,942.98         |
| Loss on exchange rate  |             | 2,025,853.86          | -                    |
| Other expenses   |             | 1,390,399.71          | 1,557,717.58         |
| <b>TOTAL EXPENSES</b>  |             | <u>4,017,614.57</u>   | <u>15,554,249.25</u> |
| PROFIT (LOSS) BEFORE FINANCIAL COSTS AND INCOME TAX EXPENSES |             | (3,159,745.52)        | 4,207,071.16         |
| Financial costs  |             | -                     | -                    |
| PROFIT (LOSS) BEFORE INCOME TAX EXPENSE                      |             | (3,159,745.52)        | 4,207,071.16         |
| Income tax expense   | 3.6         | -                     | 797,740.51           |
| <b>NET PROFIT (LOSS)</b>                                     |             | <u>(3,159,745.52)</u> | <u>3,409,330.65</u>  |

The notes to financial statement on page 5 to 8 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, 2017**

**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, 2017

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 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.

3.5 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.

3.6 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.

4. USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Thai finance reporting standards 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.

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Director \_\_\_\_\_

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EKC INDUSTRIES (THAILAND) CO., LTD.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2017

5. TRADE AND OTHER RECEIVABLES

|   | 2017                        | 2016                        |
|---|-----------------------------|-----------------------------|
|   | <u>Baht</u>                 | <u>Baht</u>                 |
| <u>Trade account receivables</u>            |                             |                             |
| Trade account receivables                   | 20,132,912.79               | 20,353,161.39               |
| <u>Less</u> Allowance for doubtful accounts | (1,798,200.16)              | (415,800.16)                |
| Total trade account receivables - net       | <u>18,334,712.63</u>        | <u>19,937,361.23</u>        |
| <u>Other receivables</u>                    |                             |                             |
| Undue tax                                   | 8,009.40                    | 18,086.18                   |
| Advance                                     | 7,410.16                    | 7,410.16                    |
| Withholding tax deducted at source          | 4,320.00                    | 4,320.00                    |
| Total other receivables                     | <u>19,739.56</u>            | <u>29,816.34</u>            |
| Total trade and other receivables           | <u><u>18,354,452.19</u></u> | <u><u>19,967,177.57</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.

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

6.1 PREPAYMENT PURCHASE - RELATED COMPANIES

|   | 2017                 | 2016                 |
|---|----------------------|----------------------|
|   | <u>Baht</u>          | <u>Baht</u>          |
| Everest Kanto Cylinder Ltd.                   | 23,528,561.63        | 24,067,405.13        |
| EKC Industries (Tianjin) Co., Ltd.            | 43,780,267.47        | 44,782,908.97        |
| Total prepayment purchase - related companies | <u>67,308,829.10</u> | <u>68,850,314.10</u> |

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

Director

*[Signature]*



*[Signature]*

EKC INDUSTRIES (THAILAND) CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

6.2 LONG TERM LOAN TO RELATED COMPANIES AND ACCRUED INTEREST INCOME

|   | 2017                 | 2016                 |
|---|----------------------|----------------------|
|   | <u>Baht</u>          | <u>Baht</u>          |
| Long term loan - EKC International FZE                                | 11,657,138.00        | 11,924,106.00        |
| Accrued interest income   | 2,320,770.23         | 1,511,201.94         |
| Total long term loan to related companies and accrued interest income | <u>13,977,908.23</u> | <u>13,435,307.94</u> |

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

6.3 ADVANCE FROM RELATED COMPANY

|                             | 2017        | 2016        |
|-----------------------------|-------------|-------------|
|                             | <u>Baht</u> | <u>Baht</u> |
| Everest Kanto Cylinder Ltd. | 334,418.50  | 334,418.50  |

7. TRADE AND OTHER PAYABLES

|                                | 2017                | 2016                |
|--------------------------------|---------------------|---------------------|
|                                | <u>Baht</u>         | <u>Baht</u>         |
| Trade payables                 | 2,232,628.80        | 2,283,777.30        |
| Withholding tax payable        | -                   | 600.00              |
| Accrued social security        | 6,798.00            | 6,798.00            |
| Accrued expenses               | 161,254.66          | 314,845.18          |
| Other payables                 | 10.00               | 10.00               |
| Total trade and other payables | <u>2,400,691.46</u> | <u>2,606,030.48</u> |

8. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by the company's authorised director on May 5, 2017.

Director \_\_\_\_\_

*Srao*



*gtho*