

EKC Industries (Thailand) Co., Ltd.

Statutory Financial Statement

As at March 31, 2019

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, 2019, 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, 2019, 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 Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions 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.

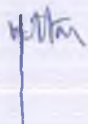
Responsibilities of Management for the Financial Statements

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.

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.



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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.

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 2, 2019

EKC INDUSTRIES (THAILAND) CO., LTD.
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2019

ASSETS	Note	2019	2018
		Baht	Baht
CURRENT ASSETS			
Cash equivalents	3.2	633,075.29	715,672.65
Trade and other receivables	3.3 and 5	16,486,396.73	19,206,390.33
Prepayment purchase - related companies	6.1	62,124,476.56	60,970,914.93
Account receivable revenue department		-	1,450,359.83
TOTAL CURRENT ASSETS		79,243,948.58	82,343,337.74
NON - CURRENT ASSETS			
Short term loan to related companies- and accrued interest income	6.2	14,461,375.64	13,427,286.68
TOTAL NON - CURRENT ASSETS		14,461,375.64	13,427,286.68
TOTAL ASSETS		93,705,324.22	95,770,624.42

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The notes to financial statement on page 5 to 8 form an integral part to these financial statements.

The financial statements has been approved by the Shareholders' meeting no.....ON.....

Director _____



EKC INDUSTRIES (THAILAND) CO., LTD.
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY		2019	2018
LIABILITIES	Note	Baht	Baht
CURRENT LIABILITIES			
Trade and other payables	7	146,605.61	2,488,568.49
TOTAL CURRENT LIABILITIES		146,605.61	2,488,568.49
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		481,024.11	2,822,986.99
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)		(6,775,699.89)	(7,052,362.57)
TOTAL SHAREHOLDERS' EQUITY		93,224,300.11	92,947,637.43
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		93,705,324.22	95,770,624.42

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The financial statements has been approved by the Shareholders' meeting no.....on.....

Director _____

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EKC INDUSTRIES (THAILAND) CO., LTD.
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Note</u>	<u>2019</u> <u>Baht</u>	<u>2018</u> <u>Baht</u>
REVENUES			
Interest income		796,065.21	804,900.87
Gain on exchange rate		1,417,750.94	-
TOTAL REVENUES		2,213,816.15	804,900.87
EXPENSES			
Professional fee		557,044.00	673,686.96
Loss on exchange rate		-	8,392,080.34
Provision for doubtful debts		-	(1,382,400.00)
Bad debt		-	(385,200.00)
Other expenses		1,380,109.47	258,114.31
TOTAL EXPENSES		1,937,153.47	7,556,281.61
PROFIT (LOSS) BEFORE FINANCIAL COSTS AND INCOME TAX EXPENSES		276,662.68	(6,751,380.74)
Financial costs		-	-
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		276,662.68	(6,751,380.74)
Income tax expense	3.6	-	-
NET PROFIT (LOSS)		276,662.68	(6,751,380.74)

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The notes to financial statement on page 5 to 8 form an integral part to these financial statements.

Director _____




EKC INDUSTRIES (THAILAND) CO., LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Baht</u>		
	<u>Paid-up</u> <u>share capital</u>	<u>Retained</u> <u>Earnings</u> <u>(Deficit)</u>	<u>Total</u> <u>Shareholders'</u> <u>equity</u>
Brought forward April 1, 2017	100,000,000.00	(300,981.83)	99,699,018.17
Net profit (loss)	-	(6,751,380.74)	(6,751,380.74)
Carried forward March 31, 2018	<u>100,000,000.00</u>	<u>(7,052,362.57)</u>	<u>92,947,637.43</u>
Brought forward April 1, 2018	100,000,000.00	(7,052,362.57)	92,947,637.43
Net profit (loss)	-	276,662.68	276,662.68
Carried forward March 31, 2019	<u>100,000,000.00</u>	<u>(6,775,699.89)</u>	<u>93,224,300.11</u>

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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, 2019

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.

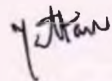
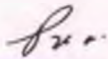
Other income and expenses

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, 2019

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 _____



EKC INDUSTRIES (THAILAND) CO., LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

5. TRADE AND OTHER RECEIVABLES

	2019	2018
	<u>Baht</u>	<u>Baht</u>
Trade account receivables	16,486,396.73	19,171,546.43
Undue tax	-	34,843.90
Total trade and other receivables	<u><u>16,486,396.73</u></u>	<u><u>19,206,390.33</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

	2019	2018
	<u>Baht</u>	<u>Baht</u>
EKC International FZE	21,716,312.63	21,313,072.13
EKC Industries (Tianjin) Co., Ltd.	40,408,163.93	39,657,842.80
Total prepayment purchase - related companies	<u><u>62,124,476.56</u></u>	<u><u>60,970,914.93</u></u>

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

Director _____

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EKC INDUSTRIES (THAILAND) CO., LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

6.2 LONG TERM LOAN TO RELATED COMPANIES AND ACCRUED INTEREST INCOME

	2019	2018
	<u>Baht</u>	<u>Baht</u>
Long term loan - EKC International FZE	10,759,266.00	10,559,482.00
Accrued interest income	3,702,109.64	2,867,804.68
Total long term loan to related companies and accrued interest income	<u>14,461,375.64</u>	<u>13,427,286.68</u>

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

6.3 ADVANCE FROM RELATED COMPANY

	2019	2018
	<u>Baht</u>	<u>Baht</u>
Everest Kanto Cylinder Ltd.	<u>334,418.50</u>	<u>334,418.50</u>

7. TRADE AND OTHER PAYABLES

	2019	2018
	<u>Baht</u>	<u>Baht</u>
Trade payables	-	2,025,706.35
Withholding tax payable	-	4,075.05
Tax reserve	-	150,020.64
Accrued expenses	146,605.61	308,766.45
Total trade and other payables	<u>146,605.61</u>	<u>2,488,568.49</u>

8. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by the company's authorised director on May 2, 2019.

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Director _____

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