



เพื่อนคุณ...ตลอดไป

รายงานประจำปี 2561  
บริษัท เอ็น.ดี.รีบบอร์ จำกัด (มหาชน)

# ANNUAL REPORT 2018

N.D RUBBER PUBLIC COMPANY LIMITED



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## **Message from the Chairman**

### **Dear Shareholders**

Year 2018 was the year that the Company faced with many conditions which effect to the company performance such as the price fluctuation of natural rubber, synthetic rubber and chemicals which are the main raw materials for production. However, the Company closely monitored the situation in order to immediately adjust strategic plan. In addition, the export market has high price competition as a result export revenue does not meet the target.

However, the Company continue to work together to overcome those situations.

For 2018, the Company has reviewed its operation policy by

- using more aggressive management strategies, as can be seen since around the end of the year 2018, the Company has orginazed booth activities to many areas in various province and will continue this activity throughout the year 2019;
- improving the production process to automation system in order to increase efficiency and reduce production costs;
- increasing investment in research and development to improve product quality which now being certified by the Thai Industrial Standards Institute (TISI) which will create confidence for customers and result in increased of sales volume.

From the above strategies, we expect the Company to accomplish the goal of sustainable growth.

For this occasion, I would like to thank all benefactors of the Company, shareholders, customers and all general public for supporting and promoting business operation of the Company to be successful in the future and for always putting trust in the Board of Directors and Executives Managements. The company still insists on the promise to devote more work to conduct business to achieve sustainable growth in order to reward the highest benefits to all shareholders, create happiness and well-being for all employees including maintaining and improving the good environment for the society.



(Mr. Pongsak Sawadwan)

Chairman



## **Section 1 Business Overview**

### **1. About “NDR”**

N.D. Rubber Public Company limited “NDR” was established by Samrittivanicha Family. The company has started production for motorcycle tire and tube since 1994. We have focused on the quality of the product, society, consumer safety and environmental in every company’s activities. We have targeted to be a leader in product development, production technique and social responsibility of motorcycle tire industry in Thailand.

### **Major Change and Development**

#### **Year 2014**

- March** Completed tire mixing building and set up a compound mixing machine
- April** Made a memorandum of understanding with Thai Suzuki Motors Co., Ltd. to manufacture and sell motorcycle tire in local OEM is currently under patent registration.
- May** Increase registered capital another 65.0 M. shares share value at 1.0THB Total registered is 215.0 Million THB and registered its conversion into Public Companies.

#### **Year 2015**

- January** Share listing with MAI open for public
- May** Completed tire mixing building and set up a compound mixing machine
- May** Made a memorandum of understanding with CEAT Limited a customer in India to manufacture tire under “CEAT” trademarks.

#### **Year 2016**

- April** Launching new product. It’s new innovation to replace Tubes, In the name of “AIR LOCK”, of which Safety and saving is better than Tubes.
- October** Installation the Solar Cells System for 99X KW. The purpose is for own consumption.
- November** Making agreement with partners to establish the joint venture company for manufacturing Car Tires.
- December** Established the joint venture company “Mascasey Trading Company limited” for increase sales channel for Motorcycle Tires and Motorcycle Tubes.

#### **Year 2017**

- November** Established a subsidiary company in the name of N.D. Energy Fusion Co., Ltd. Its main business is designing, research and development and distributor of electricity transmission equipment both wired and wireless to support all types of applications.
- December** Negotiations on the acquisition of all shares of Fung Keong Rubber Manufactory (Malaya) Sdn Bhd (“FKRMM”). The transaction is expected to be completed by February 2018.

#### **Year 2018**

- February** Officially holding all shares of Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd.



## 2. Vision and strategy of the business.

### VISION

"We will be the first leader in motorcycle tire production in the area of product development, production techniques and social responsibility"

### STRATEGY

"We will recruit business partners both domestically and internationally to expand the market share of motorcycle tire and tube into market together with the improvement of the production process to be more automated in order to reduce production costs."

### MISSION

"We will take into account the quality of the product, social impact, consumers safety Including environmental conservation in all activities of the company"

### BUSINESS GOAL

"We aim to be a leader in the motorcycle tire and tube manufacturing industry in Thailand, focusing on producing quality products and environmentally friendly processes which the product must meet customer's standard requirements in order to increase market share both domestically and internationally."

## 3. Financial Highlights

Financial Highlights of N.D. Rubber Public Company Limited and Subsidiary.

Unit: Million Baht

	2018	2017	2016
<b>Consolidated Income Statement</b>			
(Million Baht)			
Revenue from sales	973.29	820.91	844.32
Costs and expense	975.03	808.91	786.03
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA)	102.93	64.63	110.45
Profit for the year	28.25	17.01	56.36
<b>Consolidated Statement of Financial Position</b>			
(Million Baht)			
Assets	1,224.98	703.55	746.68
Liabilities	460.66	267.05	310.61
Shareholders' equity	764.32	436.50	436.07

Unit: Million Baht

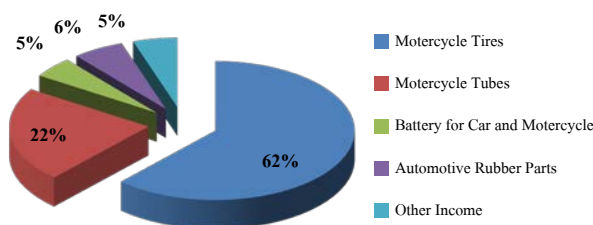
	2018	2017	2016
<b>Financial Ratio</b>			
Total number of shares issued (Million Shares)	315.39	215.85	215.00
Book value per share (Baht)	1.00	1.00	1.00
Earnings per share (Baht)	0.10	0.078	0.026
Dividends per share (Baht)	n/a	0.028	0.097
Dividends payout ratio on profit for the year (%)	n/a	58.61	40.00
Return on revenue from sales (%)	2.90	2.07	6.70
Return on equity (%)	3.70	3.90	12.93
Return on assets (%)	2.31	2.42	7.55

#### 4. Company and Subsidiary Income Structure

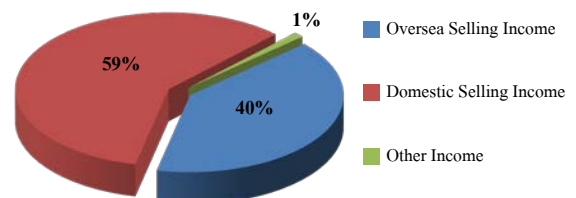
##### 4.1 Income structure

Company income structure as follow by product as follow :

##### Income structure by product

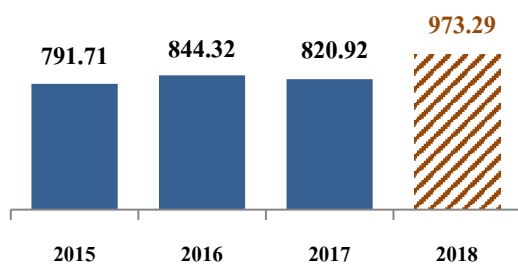


##### Income structure by geography



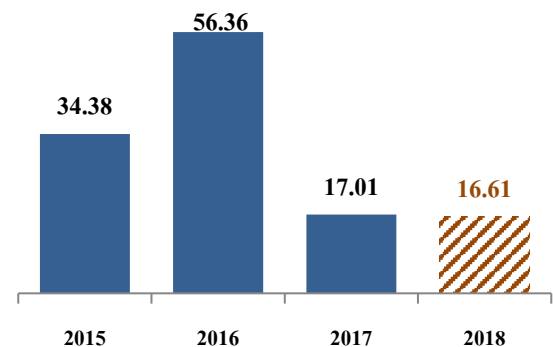
##### Total Selling Income

Unit: Million Baht



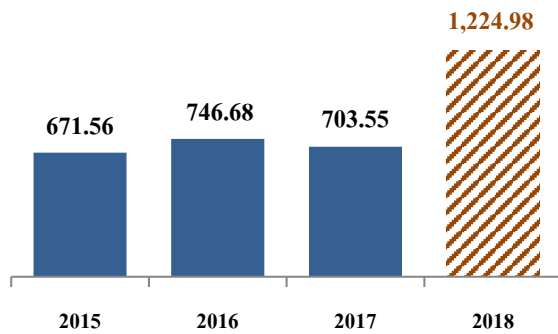
##### Net Profit Margin

Unit: Million Baht



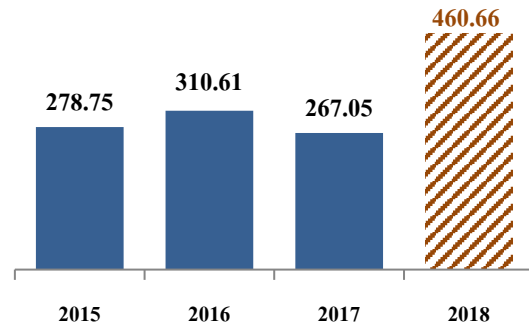
#### Total Assets

Unit: Million Baht



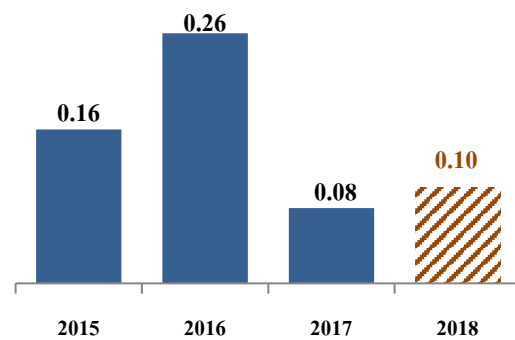
#### Total Liabilities

Unit: Million Baht



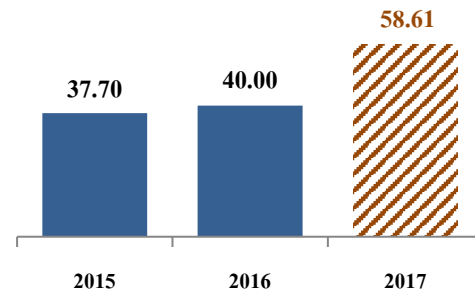
#### Profit

Unit :Baht per share



#### Dividends payout ratio on profit for the year\*

Unit : Percent



\* Profit for the year attributable to owners of the parent.

## 4.2 The Nature of Business

### 1) The Nature of Business

#### 1.1) N.D. Rubber Public Company Limited (“NDR”)

The Company manufactures and distributes motorcycle tires and tubes to both Original Equipment Manufacturer (“OEM”) and Replacement Equipment Manufacturer (“REM”) for both domestic and overseas market in various types according to usage.

#### Motorcycle Tires





### Motorcycle Tubes



### Air Lock



NDR is also a distributor of FB car and motorcycle batteries which will be sold to the related companies to increase the distribution channels and be traded according to the market price. The motorcycle battery will be sold to the dealer which is mostly a distributor of tires and motorcycle tires.

#### 1.2) N.D. Rubber Interpart Co., Ltd.

Automotive Rubber Parts produce by N.D. Rubber Interpart Co., Ltd. subsidiary company. Main material is synthetic rubber and natural rubber. Part characteristics can be classified by manufacturing method by 2 types as follow;

- **Rubber Compression Method** rubber compression molding process to produce a range of precision rubber molded components. The characteristic of outcome will be the same as original mold. Part in this category is O-ring, seal, rubber sheet and bush.



- Rubber Extrusion Method The production of rubber parts by extrusion process through die. Part in this category is door gasket, glass gasket and rubber pipelines



## 5. Industrial Situation and Competition

### 1) Rubber Price Situation

Rubber scenario in 2019 is expected to slow down in line with global economic growth. IMF projected that world economy is likely to grow at the same rate of 3.7% as compared to 2018, mainly affected by trade war between China and the US. Chinese economy is expected to grow at 6.2% with slowdown being caused by internal restructuring, debt reduction in business and state-owned sectors as well as the trade war. The US economy is expected to expand at 2.4-2.5%, supported by domestic consumption, strong employment sector and targeted inflation rate. Eurozone economy is likely to expand at 1.9%, an acceptable growth rate despite a slight slowdown coupled with continued decrease in unemployment. European Central Bank is expected to raise interest rate during the second half of 2019. Japanese economy is expected to grow at 0.9%, with Japanese export sector being supported by merit of Comprehensive and Progressive Trans-pacific Partnership and EU-Japan Economic Partnership Agreement in which Japan benefits from lower export tariff rates to EU.

In terms of natural rubber outlook, it is necessary to take into account factors on production, consumption demand and surplus. According to the Rubber Economist, the growth estimate for global rubber consumption in 2018 has been revised upward to 3.0% but may slow down to average 2.5% a year during 2018-2020. NR consumption is now expected to show a much faster rate of growth compared to SR over the next few years, sending global SR shares down to 51.5% by 2020. For the three year period 2018-2020, NR consumption is forecast to increase by 4.0% a year to reach 14.86 million tonnes in 2020 while SR may increase by only 1.2% a year to 15.75 million tonnes over the same period. The average annual growth rate of 2.5% during 2018-2020 will bring the production level to 14.59 million tonnes by 2020. The Economist Intelligence Unit expects growth in global NR production to slow to an annual average of 1.9% year on year in 2019-2020 as high stocks and weak prices discourage supply. Growth in global consumption of natural rubber (NR) is expected to slow to an annual average of just 2.6% in 2019-2020, down from an estimated growth of 4.5% in 2018. Gradual monetary tightening in major developed economies in 2019 is likely to weigh on capital investment and vehicle purchases. The global economy is also unlikely to see a meaningful boost from the recent fall in oil prices. One of the reasons why oil prices are falling is softening demand, as growth, especially in China slows down.

The Thai Rubber Association has positive attitude towards rubber market outlook since natural rubber contributes to economic growth. Besides, The International Tripartite Rubber Council (ITRC) and Thai government have been providing solutions to falling rubber prices with various schemes. This mechanism will ensure a better rubber situation. The promising projects of ITRC comprise the following: 1) promotion of domestic consumption in producing countries at the annual rate of 10%, especially in road construction; 2) establishment of Regional Rubber Market; 3) long-term restriction of production and plantation in 2017-2025 for production-consumption balance; 4) restriction of export quantity during severe price fall; 5) invitation to Vietnam to become ITRC member due to its high production quantity; 6) seeking new approach to sustainable income for smallholders. Thai government reduce unsuitable plantation areas, promotion of other economic crops in place of natural rubber and domestic consumption. Rubber Authority of Thailand will initiate “Rubber Innovation Year” project next year to promote research and development.

In conclusion, the Thai Rubber Association strongly believes in the long-lasting relationship and corporation with the concerned sectors i.e. government agencies, private sector, rubber growers as well as the three largest NR producers, namely Thailand, Indonesia, Malaysia and other rubber producing countries in the ASEAN, especially Vietnam to provide strategic direction and solution to falling prices in short term and long term and ultimately to stabilize the rubber prices.<sup>1</sup>

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<sup>1</sup>Source : Thai Rubber Association



## 2) Thai economic overview in 2018 and Economic trend in 2019

### - Thai Economic Overview in quarter 3/2018<sup>2</sup>

Gross Domestic Product (GDP) in the first three quarters of 2018 has grown by 4.3%, slowing down from the first two quarters of 2018, which expanded by 4.8%, but still better expanded when compared to the first three quarters of 2017 that expanded of 3.9%.

Important factors in GDP growth in the first three quarter of 2018 are an increase of 7.0% in agricultural products, an increase of 2.9% in industrial products, an increase of 5.3% in services, an increase of 4.4% in consumption products, an increase of 3.7% in total investments, an increase of 4.2% in exports. In the first three quarter of 2018, GDP in industrial sectors has expanded by 2.9% which was slow down from the first two quarter which expansion of 3.5% but better expanded when compared to the same period of last year of 2.4% due to slowing down from car production and the decline in production of certain industries such as the decline in processing and preserving meat, weaving and tire and inner tube production including the production of rubber products, etc. However, during the rest of the year 2018, should focus on supporting the expansion of private investment, supporting the export sector to continuously expand, driving public investment projects in both infrastructure and economic development areas continuously and preparation of labor force and labor quality to support the expansion of the manufacturing sector.

In the first ten months of 2018 (January – October), Industrial production index was at 115.01 which has increased from the same period in 2017 (111.62) by 3.04%. Industries that drive the increase in index during the same period in 2017 are vehicle engine production, sugar production and production of products derived from petroleum refining, etc. For the trend of the year 2019, the industrial production index is expected to increase from 2018, due to the improvement in government infrastructure and private investment including the belief of the industry and consumers that will improve after the election, resulting in the overall economic expansion.

In the first ten months of 2018 (January – October), Shipment index was at 113.42 which has increased from the same period in 2017 (110.66) by 2.50%. Industries that drive the increase in index during the same period in 2017 are vehicle engine production, electronic equipment and production cycle of products derived from petroleum refining, etc. For the trend of the year 2019, the shipment index is expected to increase in line with the industrial production index. (value added) above.

In the first ten months of 2018 (January – October), Finished goods Inventory Index was at 110.15 which has increased from the same period in 2017 (108.17) by 1.83%. Industries that drive the increase in index during the same period in 2017 are electronics and circuit board manufacturing, production of tire and tube, including tire retreading and tire repair, processing and preserving of fruits and vegetables, etc. For the trend of the year 2019, the finished goods inventory index is expected to increase from 2018 as the industry continues to recover.

In the first ten months of 2018 (January – October), Capacity Utilization Index was at 68.43% which has increased from the same period in 2017 (66.86%). Industries that drive the increase in Capacity Utilization Rate during the same

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<sup>2</sup> Source : The office of Industrial Economics, Ministry of Industry

period in 2017 are vehicle's production, sugar production, electronic equipment, etc. For the trend of the year 2019, the capacity utilization index is expected to increase from 2018 due to the investment in large-scale infrastructure of the government, such as the construction of a twin-track railway project, a high-speed railway project connecting 3 airports (Don Mueang-Suvarnabhumi-U-Tapao), driving a special economic development project for the Eastern Seaboard (EEC) ) of the government sector continuously and pulling foreign investors to invest in more countries, etc.

In the first ten months of 2018 (January – October), Average Index was at 91.24 which has increased from the same period of 2017 (85.90). The 3-month forecasted confidence index was at 103.36 which was increased from the same period in 2017 (101.03). For the trend of the year 2019, the industrial confidence index is expected to improve from 2018 due to the investment in large-scale government projects such as the special economic development project in the East and infrastructure investment continues to grow, such as high-speed trains and double-track trains, etc. In addition, the domestic economy is expected to continue growing well after the election.

#### - Economic Trend in 2018<sup>3</sup>

The Thai economy in 2019 will experience challenges posed by global economic and financial volatilities. Nevertheless, under the baseline scenario, it is expected that the Thai economy will grow at favorable pace driven by improving domestic demand including private consumption, private and public investment, together with a recovery of tourism sector. In addition, the redirection of trade policy as well as international supply chain will ease the strains from the global economic slowdown and impacts from trade protectionist measures on Thai exports. However, the volatility of the global economy and the financial market still needs close surveillance.

#### Supporting factors for the economic growth:

1) **Private consumption tends to keep its growth momentum**, and correspondingly support the overall economic expansion in 2018. As such, the improvement of both income base and the number of employed persons will become key driver to further support the growth dynamics of private consumption and the overall economic activities, particularly under the currently low levels of interests and inflation, new car model launches, and the end of five-year ownership requirement under the first-car buyer scheme.

2) **Investment tends to show a further improvement led by accelerated growth of public investment.** Specifically, key public infrastructure projects have made significant progresses and entered into the construction phase. Likewise, private investment tends to accelerate gradually.

3) **A recovery in the tourism sector** will contribute more to the overall economy. During the second half of 2018 as well as the whole year, the number of foreign tourists and income receipts remained below normal trend. However, the Thai government has been tackling this problem by ensuring standards for tourist safety and an additional advocate of Thailand's tourism sector targeting Chinese and other major countries. Thus, once combined with a

<sup>3</sup>Source : Macroeconomic Strategy and Planning Office

recovery in the number of European tourists, it is expected that the total number of tourists will bounce back to its normal trend by the end of the first quarter of 2019 and, as a result, would support the economic growth in 2019 significantly.

4) **Exports continue to exhibit a satisfactory growth and continually buttress economic performance.** This is in spite of the deceleration of the global economy in 2018 resulted from wearing economic growth in the US and other major economies as well as the impacts from trade tensions. Under the baseline assumption that there will be no additional trade protectionist measures other than those already announced by the end of the third quarter of 2018, it is expected that the world economy and trade volume in 2019 will grow by 3.8 and 3.8 percent, respectively. These growth paces of world economy and trade volume will continue to support the Thai exports and overall economic expansion

5) **Redirection of international trade, global manufacturing, and foreign investment will become more apparent, as a result of the trade protectionism and retaliation between the major advanced economies.** Consequently, the world economy and world trade volumes are likely to slow down and would therefore affect economic growth of export-dependent developing countries, particularly during the early implementation phase of trade barriers and counter measures as the trade and supply chain adaptive capability may be limited. However, without additional trade protection measures, it is expected that the trade and supply chain system will be able to adjust and thus will start to positively affect the Thai economy. A number of products and sectors will likely gain some benefits from the changes in trade direction and supply chain both in terms of rising exports and capacity utilization during the first half of the year as well as production base relocation that is expected to be more pronounced in the second half of the year. Based on information from various sources, it is more evident that the trade barriers have become the main reasons for entrepreneurs to start planning for their production base relocation since the second quarter of 2018. The major destinations for relocation are, for example, the ASEAN countries, India, Mexico, and Bangladesh. Such redirection of global trade and international supply chain will not only reduce the adverse impacts to the Thai economy from the slowdown of world economy, but it will also provide opportunities for Thailand to further drive domestic investment to enhance long-term potential growth, particularly under the progress of major public infrastructure projects including transportation projects, the Eastern Economic Corridor (EEC) and Special Economic Zones (SEZs).



## 6. General Information

### 6.1) Company General Information

<b>Name</b>	N.D. Rubber Public Company Limited
<b>Registered Number</b>	0107557000179
<b>Registered capital</b>	387,470,188.00 Baht ( <b>Paid-up</b> 315,391,514.00 Baht)
<b>Head Office</b>	129 Moo 3 Nongchak –Phanasnikom Rd., Nongeiroom, Banbeung, Chonburi (Tel) 038-160707 (Fax) 033-047348 <a href="http://www.ndrubber.co.th">www.ndrubber.co.th</a>
<b>Business</b>	Motorcycle tires and tubes manufacturing and distribution, car and motorcycle battery distribution, manufacturing and selling automotive rubber parts.
<b>Investor Relations</b>	Tel 038-160707 ext 108 E-mail <a href="mailto:wassana@ndrubber.co.th">wassana@ndrubber.co.th</a>
<b>Company Secretary</b>	Tel 038-160707 ext 112 <a href="mailto:nopparat.c@ndrubber.co.th">nopparat.c@ndrubber.co.th</a>
<b>Chairman of Audit Committee</b>	E-mail <a href="mailto:auditcom@ndrubber.co.th">auditcom@ndrubber.co.th</a> (For complaints To report fraud And / or non-compliance with the Code of Conduct. And/or good governance)

### 6.2) General information of subsidiaries

#### - General information of subsidiaries

<b>Name</b>	N.D. Interpart Company Limited
<b>Head Office</b>	129/2 Moo 3 Nongchak –Phanasnikom Rd., Nongeiroom, Banbeung Chonburi (Tel) 038-160707 (Fax) 033-047348 <a href="http://www.ndrubber.co.th">www.ndrubber.co.th</a>
<b>Registered capital</b>	6,100,000 Baht ( <b>Fully paid up</b> )
<b>Business</b>	Automotive and electronics rubber parts manufacturing and distribution
<b>Name</b>	Mascasey Trading Company Limited
<b>Head Office</b>	129 Moo 3 Nongchak –Phanasnikom Rd., Nongeiroom, Banbeung, Chonburi (Tel) 038-160707 (Fax) 033-047348 <a href="http://www.ndrubber.co.th">www.ndrubber.co.th</a>
<b>Registered capital</b>	1,000,000 Baht ( <b>Fully paid up</b> )
<b>Business</b>	Trading of As a reseller, wholesale and retail, import and export of truck tires and tubes, car tires and tubes, motorcycle tires and tubes, bicycle tires and tubes.
<b>Name</b>	N.D. Energy fusion Company Limited
<b>Head Office</b>	129/2 Moo 3 Nongchak –Phanasnikom Rd., Nongeiroom, Banbeung Chonburi (Tel) 038-160707 (Fax) 033-047348
<b>Registered capital</b>	6,000,000 Baht ( <b>Fully paid up</b> )
<b>Business</b>	Research, development, manufacture and distribution of power transmission equipment.

<b>Name</b>	Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd.
<b>Head Office</b>	No. 2A, Jalan Wawasan 3/Ku7, Sungai Kapar Indah, 42200 Klang, Selangor, Malaysia (Tel) +603 3291 1901 (Fax) +603 3291 8848
<b>Registered Capital</b>	30,000,000 Malaysian Ringgit ( <b>Paid up</b> 20,000,000 Malaysian Ringgit)
<b>Business</b>	Import and distribute motorcycle tire and tube

- **Reference Persons**

**Security Registrar**

Thailand Securities Depository Company Limited  
93 Ratchadaphisek Road, Dindaeng, Bangkok, 10400  
Tel. (66) 2 009 9000 Fax (66) 2 009 9991

- **Auditors**

Grant Thornton Company Limited  
18<sup>th</sup> Floor Capital Tower All Seasons Place  
87/1 Wireless Road Lumpini Patumwan Bankok 10330  
Tel. (66) 220 58222 Fax (66) 265 43339  
[www.grantthornton.co.th](http://www.grantthornton.co.th)

6.3) Other important information

-None-

## Section 2 Management and Corporate governance

### 7. Securities and Shareholders.

#### 7.1) Registered Capital and Paid-up Capital

- Registered Capital 387,470,188.00 Baht.
- Issued and fully paid share capital: 315,391,514.00 Baht, comprising 315,391,514 ordinary shares.
- Ordinary shares at 1 Baht par value.

#### 7.2) Shareholders

List of top 10 largest shareholders (as of 13 March 2018) as follow :

Name of the shareholders	As of 13 March 2018	
	No. (Share)	Percentage
<b>Samrittivanicha Group</b>		
Mr. Chaiyasit Samrittivanicha	66,216,500	24.45
Mrs. Nittaya Samrittivanicha	63,076,100	23.29
Mrs. Thanyarat Samrittivanicha	14,252,000	5.26
<b>Total</b>	<b>143,544,600</b>	<b>53.00</b>
<b>Other shareholders in first top ten</b>		
BAND OF SINGAPORE LIMITED	55,000,000	20.31
Mr. Veerachai Dejarmornthan	5,448,000	2.01
Mr. Teerapon Silchai	5,370,000	1.98
Mr. Somchai Vijitsangrat	5,060,000	1.87
Ms. Auraiwan Saeli	3,457,000	1.28
Mrs. Kesuree Suntorn	2,875,500	1.06
Ms. Kanoknart Rattanasuwanchart	1,182,500	0.44
Ms. Kantima Tassatharn	1,001,000	0.37
Ms. Supreeda Srisuparapan	910,000	0.34
Thai NVDR Company Limited	751,700	0.28
<b>Total</b>	<b>81,055,700</b>	<b>29.94</b>
<b>Other minority shareholder groups</b>	<b>46,249,700</b>	<b>17.06</b>
<b>Total</b>	<b>270,850,000</b>	<b>100.00</b>

**Remark :** Samrittivanicha Group Major shareholders has influence to regulated policy, management or even company operations significantly.



### 7.3) Issuance of Other Securities

On 22 November 2016, at the Extraordinary Shareholders Meeting passed the resolution to allocate and issue 107,499,454 units of free warrants to the existing shareholders. The warrants are issued for specific holders and transferable. The term of the warrants do not exceed 2 years commencing on 23 December 2016 with the exercise ratio of 1 warrant to 1 new ordinary share. The exercise price is 3 Baht per share, unless the exercise ratio is adjusted under the condition of the rights adjustment. The warrants holders can exercise their warrant in June and December of each year. The first exercise date was on 15 June 2017. The subsequent exercise dates will be on the 15 December 2017, 15 June 2018 and the last exercise date will be 22 December 2018.

Subsequently, on 30 March 2018, the Annual General Meeting of Shareholders for the year 2018 resolved to approve the adjustment of the rights to purchase ordinary shares of the Company No. 1 (NDR-W1) as follows:

	Previous Rights (PAR = 1 Baht)	Current Rights (PAR = 1 Baht)
Exercise Price	3 Baht / Share	2.93 Baht / Share
Exercise Ratio	1 unit of warrant to 1 new ordinary share	1 unit of warrant to 1.03 new ordinary share

#### Summary of the Results of Exercise of NDR-W1

No.	No. of Exercised Warrants (Units)	Ratio (Units:Share)	Exercise Price (Baht)	Exercise Date
1	850,000	1:1	3.00	15 June 2017
2	-	1:1	3.00	15 December 2017
3	30,000,000	1:1.03	2.93	15 June 2018
4	6,670,350	1:1.03	2.93	22 December 2018

### 7.4) Dividend Payment Policy

The company declared a policy to pay dividend no less than 40% of the net profit after the deduction of the corporate income tax and legal reserve for the company's financial statement. However, such dividend may changeable depends on future investment plan, liquidity, necessity and other appropriate reason. Thus the board director's resolution approved to pay dividend shall propose to get the approval from shareholder meeting except the dividend during the period which the board of director has the authorize to pay during the period and report to shareholder meeting in the next meeting.

N.D. Interparts Co., Ltd. a subsidiary company has defined dividend policy to the company at 100% of the net profit after the deduction of the corporate income tax and legal reserve for the company's financial statement. In case of there is any subsidiary company shall declared a policy to pay dividend no less than 100% of the net profit after the

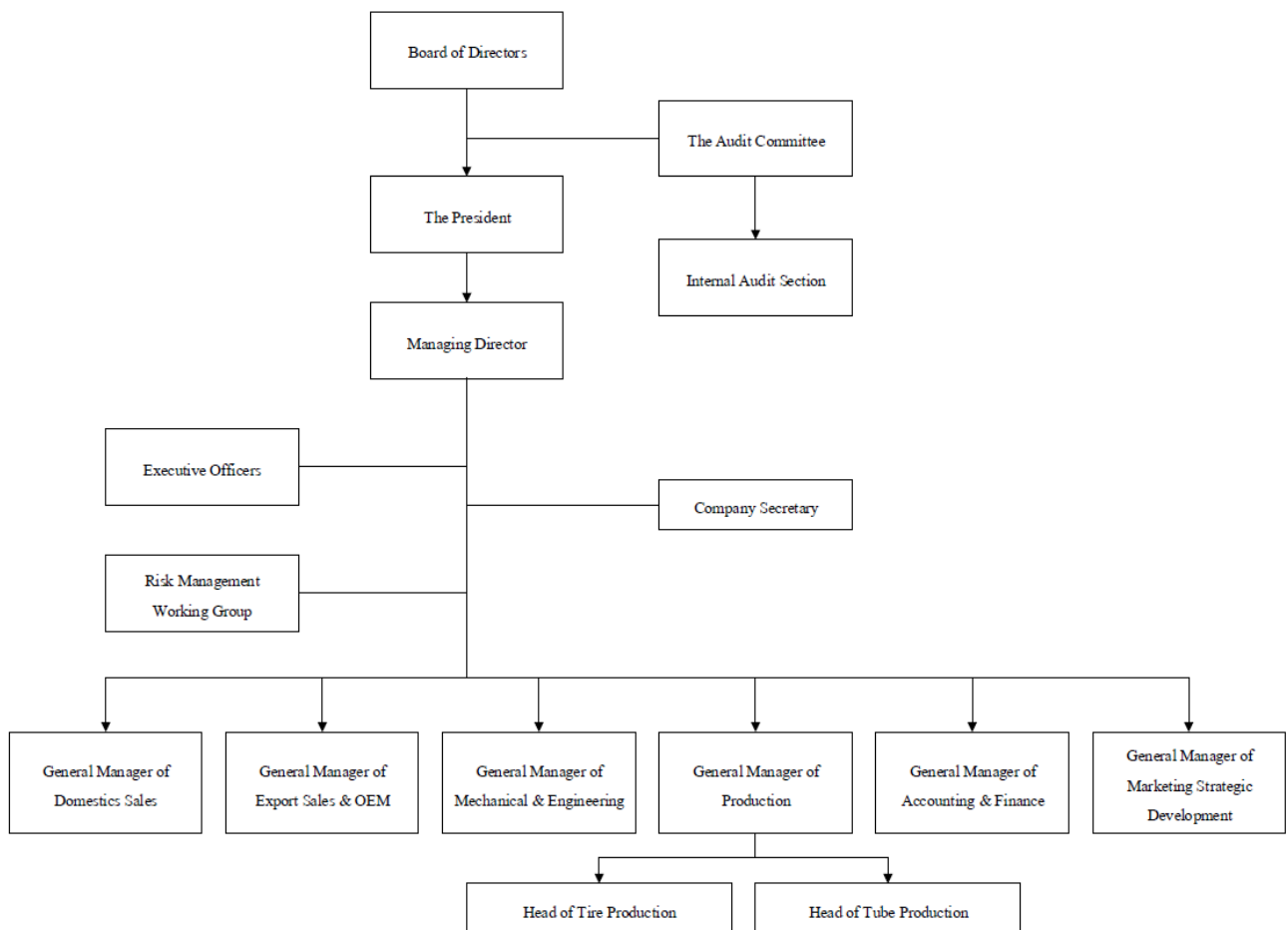
deduction of the corporate income tax and legal reserve for the company's financial statement. However, subsidiary and/or associated company may defined to pay dividend less than the above rate if the company have to spend net profit to expand company business operations.

Dividend payment rate for the performance in the past 4 years

Year	Net Profit Ratio (Baht/Share)	Dividend Payout Ratio (Baht/Share)	Dividend Payout Rate		Dividend Payout Ratio Per Net Profit (%)	Total Dividend Value (Baht/Share)
			(Ordinary Share: Stock Dividend)	(Baht)		
2015	0.58	0.080		-	39.13	0.080
2016	0.16	0.060		-	37.70	0.060
2017	0.26	0.097		-	40.00	0.097
2018	0.08	0.025	40:1	0.0028	58.61	0.0278

## 8. Management Structure

Management Structure as of 31 December 2018 as follow:



#### 8.1) Board of Directors

The Company forms at least 8 members of the Board of Directors and all of whom never dishonestly committed an offence against property and never entered into any transaction which may cause conflict of interest against NDR during the year

The Board of Directors comprises nationally respected, knowledgeable and competent persons who are responsible for drawing up corporate policy and collaborating with the top executives in making operating plans, financial policy, risk management policy, and monitoring and assessing the performance of the Company and top executives on an independent basis.

Among the Board directors, three have been appointed as authorized directors, namely, Mrs. Nittaya Samrittivanicha, Mr. Chaiyasit Samrittivanicha and Mrs. Thanyarat Samrittivanicha. Any two of the authorized directors are authorized to sign jointly with company seal affix on behalf of the Company.

There are six non-executive directors, and two executive directors who receive a salary from company which are Mr. Chaiyasit Samrittivanicha (Managing Director) and Mrs. Thanyarat Samrittivanicha (Domestics Sales General Manager).

The three independent directors are Dr. Sirada Jarutakanont, Mr. Teerasak Sawangnet and Mr. Kovit Krishnanin they are independent directors meet all the requirements specified in the Company's list of qualifications of an independent director, which are more stringent than the qualifications stipulated by the Securities and Exchange Commission.

#### The Sub-committee

Directors	Board of Directors	The Audit Committee	The Nomination and Remuneration Committee
1. Mr. Pongsak Swadwan	Chairman	-	-
2. Mr. Chaiyasit Samrittivanicha	Member	-	Member
3. Mrs. Nittaya Samrittivanicha	Member	-	-
4. Mrs. Thanyarat Samrittivanicha	Member	-	-
5. Dr. Sirada Jarutakanont	Member	Chairman	Chairman
6. Mr. Teerasak Sawangnet	Member	Member	Member
7. Mr. Kovit Krishnanin	Member	Member	-
8. Mr. Marco Low Peng Kiat	Member	-	-

### Directors' Term of Service on Board Duration of Each Term

At the Annual General Meeting of Shareholders each year, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the Company. In choosing those directors who retire, length of service on the Board should be considered, so that those who have served longest are most eligible to retire. Nevertheless, a retiring director is eligible for re-election

### Authority, Duties and Responsibilities of the Board of Directors

The Board of Directors has duties and responsibilities for directing the company's operation comply to law Company objectives and regulations as follow

- a) The Board of Directors shall hold the annual ordinary meeting of shareholders within four months from the date ending the account period of the company.
- b) Board of Directors meeting at least once every 3 months
- c) The Board of Directors shall prepare the balance sheet and profit and loss account of the date ending the accounting period of the company to be put forth to the annual ordinary meeting of shareholders for consideration to approve.
- d) Board of Directors shall authorized any one of director or directors or even others person acting in the name of the Board under controlling of the Board or authorized such person has the authorization as per the board assigned and within a certain period. The Directors may abort or change or change the authorized person.

Moreover, the Board of Director may authorize Executive Committee have the authorization in any operations as per the scope of Duties and Responsibilities of the Executive Committee. The authorization shall not be the assignee can review and approve. The authorization must not be delegated to the Executive Committee or attorney can review and approval by the Board of Directors or attorney or persons involved or stakeholders or have a conflict of interest with the Company or any subsidiary except the approval is in accordance with policy and guidelines approved by the board according to laws.

- e) Set goals, policies, plans and Company's budget. To control, supervise and manage the Board of Director as per assigned except The Board of Directors must be approved by the general meeting of shareholders prior to such as capital increase and decrease, bond issue, selling or buying the whole business or in part to other person or buying or transferring business from other company, amendment company regulation or affidavit.

The board also has the responsibility for overseeing the Company's compliance with the law on Securities and Exchange Commission. Exchange's regulations, such as the Transaction . And the purchase or sale of significant assets under the rules of the Stock Exchange of Thailand. Or the laws relating to the Company's business.

- f) Consider management structure appoint executive committee, Managing Director and other Directors as appropriate.
- g) Follow up business results as planned continuously.



- h) Approved open/closed all type of bank account with bank or financial institute including defined withdrawing and deposit condition or doing juristic act
- i) Approved investment fund as defined in annual budget
- j) Defined organization structure or assign executive committee to do.
- k) Have power of attorney to assign one or many directors or other person to act under Board of Directors supervisory or might give the authorization the aforesaid person have the authorization as appropriate as the Board agreed and within appropriate time as the Board agreed. The Board might cancel, abolish, change or amend the authorized person or such authority as appropriate. There is not any authorization to a person who has a conflict of interest.
- l) The directors are forbidden to operate a business of the same nature as and in competition with that of the company, or to enter to be a partner in an ordinary partnership or a partner of limited liability in a limited partnership or a director of a private company or other company which operates a business of the same nature as and in competition with that of the company, whether for their own or others' benefit, unless the meeting of shareholders had been notified prior to appointment thereto.
- m) The directors shall inform the company without delay in cases having interests directly or indirectly in any contract entered into the company or hold shares or debentures by specifying the total number increased or decreased.

## 8.2) The Audit Committee

### The Qualification of Audit Committee

The Audit Committee is independent as per its definition

- a) Not holding shares exceeding 1 % of total shares of total voting shares of the Company, mother company, subsidiary, affiliates or juristic which may have conflict of interest, so as will count shares hold by related person.
- b) Not be a Director involved in management / employee / contractor / salary contractor / authorize company controller, mother company, subsidiary, affiliate, subsidiary in the same level or juristic may have conflict of interest ( at present and 2 years before appointment)
- c) Not be related to or close relative of any executive director, executive officer or major shareholder, authorized controller or executive nomination or company authorized controller person or subsidiary company.
- d) Not be related to the business with the company big company, subsidiary, co-company or juristic person may have conflict in a character of obstruct the use of independent judgment including shareholder, un-dependent director or management of the business relationship of the company, subsidiary, co-company , or persons who might have conflict.

- e) Not be accounting auditors of the Company, its subsidiaries , affiliate company or juristic person may have conflict in a character of obstruct the use of independent judgment . Including not be a major shareholder, dependent director or management of the business relationship of the company, subsidiary, co-company , or persons who might have conflict.
- f) Not be any professional service provider including legal consultant service or monetary consultant which receive service fee over 2 million baht per year from big company, subsidiary, affiliate company or juristic person may have conflict in a character of obstruct the use of independent judgment a major shareholder, dependent director or management or management partner of such professional service provider.
- g) Not be the appointed director to be a representative of company director, major shareholder or shareholder who has a relationship with major shareholder.
- h) Not have any characteristics that affected to obstruct opinion giving independently.
- i) Not be a director who assigned from Board of Director in making decision in business operations, big company, subsidiary, affiliate, subsidiary in same level or juristic person may have conflict in a character of obstruct the use of independent judgment and not be a director of registered big company, subsidiary, affiliate, subsidiary in same level.
- j) Has the same duty as define by SEC's notification concerning Audit Committee qualification and scope of work.

#### Scope of Audit Committee Duties and Responsibilities

- a) Review the company's financial reports to ensure accuracy and adequate disclosures.
- b) Review the company's Internal Control system and Internal Audit system to ensure suitability and efficiency; and determine and internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
- c) Reviewing the company's practice that all complies with the law pertaining to securities and stock market, the regulations of the stock market or any law relevant to the business of the company.
- d) Reviewing and discuss with the management regarding to company significance risk and the measurement that management has taken to monitor and control such risks.
- e) Reviewing, Selection and submit for appointment independent person to be the company auditor, to propose the appropriate compensation including attending the meeting with the accounting audit without management at least once a year.
- f) Examine connected transaction or transactions that may lead to a conflict of interest, and disclosure of those transactions to ensure that they are accuracy; in compliance with laws and the regulations of SET; reasonable and for the optimum benefit of the company.
- g) Prepare an audit committee's report and publish in the company's annual report. The audit committee report must be signed by the chairman of audit committee and contain of at least the following information

- Opinion on the accuracy, completeness and creditability of the company's financial report.
  - Opinion on the adequacy of the Company's internal control system.
  - Opinion on the compliance with the law on securities and exchange, the regulations of SET, or laws relating to company's business.
  - Opinion on the suitability of an auditor.
  - Opinion on transactions that may lead to conflict of interests.
  - Number of the Audit Committee's meeting and meeting attendance by each committee member.
  - Opinion or overview comments received by the Audit Committee from its duty in accordance with the charter.
  - Any other issues which should be disclosed to shareholders and general investors within the scope of duties and responsibilities designated by the Board of Directors.
- h) Perform any other tasks assigned by the company's Board of Directors within the scope of duties and responsibilities of the Audit Committee.
- i) In officiating the Audit Committee (AC) duties and responsibilities, if the AC notices or suspects of, or for any of the following that could significantly impact the financial position and operation of the company, the AC will inform the Board of Directors to rectify issue(s) within the timeframe the AC deems appropriate:
- Transactions that may cause conflicts of interest.
  - Fraud or indiscretion or a significant deficiency in internal control system.
  - Violation of the law on securities and exchange, or regulations of the Stock Exchange of Thailand ("SET"), or the laws relating to the Company's business, if the Board of Management fails to make a rectification within a timeframe dictate in paragraph one to the SEC or the SET.
- j) The Audit Committee is entitled to seek advice from and external advisor or expert from time to time as deemed necessary at the cost of the Company.

The Audit Committee holds direct responsibility to the Board of Directors for the scope of duties and responsibilities discussed above and the Board is also responsible to the public regarding the company operation.

### 8.3) The Nomination and Remuneration Committee

#### Scope of duty and responsibility of Nomination and Remuneration Committee

- Propose remuneration for Chairman, Director, Chairman of Audit Committee and Audit Committee and other sub-committee (if any) (receive the approval from shareholders meeting later)
- Select the suitable persons to nominate as directors, to review performance, qualification and appropriate of director who retired from office and prompt to re-elected to propose to Board of Director to propose to shareholder meeting to appoint to be the company director accordingly.
- Reviewing and giving the opinion to the Board of Director and follow up vision and strategy operations of Human Resources including management development plan.
- Assess company turnover in order to define bonus scheme and annual increment for the whole company base on appropriate industrial criteria.

- Giving the suggestion regarding to company salary structure including other remuneration package.

#### 8.4) Board of Directors' Meetings

The Board holds at least every three month meetings per year to consistently attend the Board's meetings to stay informed of company's operations and make decisions regarding them. In addition, special meetings might be held to consider urgent matters.

In 2018, the Board held 4 meetings. Prior to each meeting, all members received the agenda and supporting documents prior to the date of the meeting to allow adequate time for preparation.

After the Meeting, the secretary to the Board of Directors is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the Chairman. Directors may make comments, corrections or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely in the corporate secretary's office together with all related documents, which are backed up electronically to facilitate data searches.

In addition, the Board of Directors' Meeting held on 8 November 2018, the Company holds a meeting between non-executive Directors without the Management present to discuss various issues of public interest to allow non-executive Directors to express their opinions independently. The non-executive Directors holds at a meeting at least 1 time per year.

The attendance of the directors in 2018 (January 1, 2018 - December 31, 2018)

Directors	Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	The Meeting of Shareholders
1. Mr. Pongsak Swadwan	4/4	-	-	2/2
2. Mr. Chaiyasit Samrittivanicha	4/4	-	1/1	2/2
3. Mrs. Nittaya Samrittivanicha	4/4	-	-	2/2
4. Mrs. Thanyarat Samrittivanicha	4/4	-	-	2/2
5. Dr. Sirada Jarutakanont	4/4	4/4	1/1	2/2
6. Mr. Teerasak Sawangnet	4/4	4/4	1/1	2/2
7. Mr. Kovit Krishanin	4/4	4/4	-	2/2
8. Mr. Marco Low Peng Kiat	3/4	-	-	0/2

Remark: Mr. Marco Low Pen Kiat was appointed as a director on 2 February 2018.



## 8.5) Board of Directors Profile

### (1) Mr. Pongsak Swadwan

Age : 67

#### Position

- Chairman of the Board

#### Appointment Date

- 8 April, 2013 to Present

#### Education

- Bachelor of engineering in Mechanical, King Mongkut's University of technology North Bangkok

#### Expertise

- Business and industry relating to NDR

#### Director Training

- DAP 106/2013 Thai Institute of Directors Association (IOD)

#### Position in Other Company/Organization/Institution

- None

#### Experiences (In 5 years) :

- 1996-Present : The Manager White House Plastic

#### Number of Ordinary Share of the Company (as of 13 March, 2018)

- Held personally (None)
- Held by spouse or minor children (None)

#### Family Relationship among Directors and Executives

- Mrs. Nittaya Samrittivanicha's brother-in-law
- Mr. Chaiyasit samrittivanicha's uncle-in-law



(2) **Dr. Sirada Jarutakanont**

Age : 40

**Position**

- Chairman of Audit Committee
- Chairman of The Nomination and Remuneration Committee
- Director



**Appointment Date**

- 8 April, 2013 to Present

**Education/Seminar**

- Doctor of Business Administration , Faculty of Commerce and Accountancy, Thammasat University (The Joint Doctoral Program in Business Administration(JDBA) Chulalongkorn University, Thammasat University and The National Institute of development Administration (NIDA)
- Master of Accounting, Faculty of Finance and Accountancy, Thammasat University
- Bachelor of Business Administration (1<sup>st</sup> class honor) Faculty of Humanities and Social Sciences, Burapha University.

**Expertise**

- Accounting and finance

**Director Training**

- DAP 106/2013 Thai Institute of Directors Association (IOD)

**Position in Other Company/Organization/Institution**

- None

**Experiences (In 5 years)**

- 2016-Present : Lecturer, Accounting and finance Program, Faculty of Management and Tourism, Burapha University
- 2012 –2016 : Vice Dean, Faculty of Management and Tourism, Burapha University

**Number of Ordinary Share of the Company (as of 13 March, 2018)**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives**

- (None)

**(3) Mr. Chaiyasit Samrittivanicha**

**Age:** 45

**Position**

- Director
- Managing Director

**Appointment Date**

- 2013 to Present

**Education/Seminar**

- Bachelor of Business Administration Program in Finance and Banking, Assumption University

**Expertise**

- Business and industry relating to NDR

**Director Training**

- DAP 106/2013 Thai Institute of Directors Association (IOD)

**Position in Other Company/Organization/Institution**

- Director N.D. Interparts Co.,Ltd.
- Director N.D. Tower Co., Ltd.
- Director Mascasey Trading Co., Ltd.
- Director Thai Charoen Tire Service Co.,Ltd.
- Director T. Thaicharoen Rubber Co., Ltd.
- Director N.D. Energy Fusion Co., Ltd.

**Experiences (In 5 years)**

- 2013-present : Director N.D. Interpart Co.,Ltd.

**Number of Ordinary Share of the Company (as of 13 March, 2018)**

- Held personally 24.45%
- Held by spouse or minor children 5.26%

**Family Relationship among Directors and Executives**

- Mrs. Nittaya Samrittivanicha's son
- Mrs. Thanyarat Samrittivanicha's husband
- Mr. Pongsak Swadwan's nephew



**(4) Mrs. Nittaya Samrittivanicha**

**Age:** 70

**Position**

- Director

**Appointment Date**

- 8 April, 2013 to Present

**Education/Seminar**

- Secondary

**Expertise**

- Business and industry relating to NDR

**Director Training**

- DAP 106/2013 Thai Institute of Directors Association (IOD)

**Position in Other Company/Organization/Institution**

- Director N.D. Interparts Co.,Ltd.
- Director Siam Plaswood Co.,Ltd.
- Director Wood all Co.,Ltd.
- Director Thai Charoen Tire Service Co.,Ltd.
- Director T. Thaicharoen Rubber Co., Ltd.
- Director T. Thaicharoen Service Co.,Ltd.
- Director Kaset sumrit co.,ltd.

**Experiences (In 5 years)**

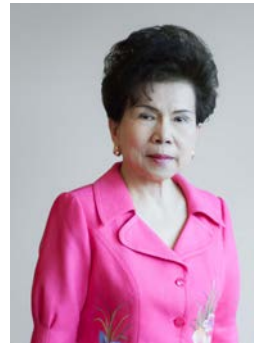
- Present : Managing Director T. Thai Jaroen Rubber Co.,Ltd.

**Number of Ordinary Share of the Company (as of 13 March, 2018)**

- Held personally 23.29%
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives**

- Mr.Chaiyasit Samrittivanicha's mother
- Mr. Pongsak Swadwan's sister-in-law
- Mrs. Thunyarat Samrittivanicha's mother-in-law





**(5) Mr. Teerasak Sawangnet**

**Age:** 45

**Position**

- Director
- Independent Director
- Director of The Nomination and Remuneration Committee

**Appointment Date**

- 8 April, 2013 to Present

**Education/Seminar**

- Bachelor Degree in Finance and Banking, Assumption University
- Master of Business Administration, Assumption university

**Expertise**

- Accounting and finance

**Director Training**

- DAP 106/2013 Thai Institute of Directors Association (IOD)

**Position in Other Company/Organization/Institution**

- Present Managing director, Winner Petroleum Co., Ltd.

**Experiences (In 5 years)**

- Present Managing director, Winner Petroleum Co., Ltd.

**Number of Ordinary Share of the Company (as of 13 March, 2018)**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives**

- (None)



**(6) Mr. Kovit Krishthanin**

**Age:** 44

**Position**

- Director
- Independent Director

**Appointment Date**

- 8 April, 2013 to Present

**Education/Seminar**

- Bachelor Degree in Management, Bangkok University

**Expertise**

- Business and industry relating to NDR

**Director Training**

- DAP 106/2013 Thai Institute of Directors Association (IOD)

**Position in Other Company/Organization/Institution**

- Managing Director, Winner Insurance Broker Co., Ltd

**Experiences (In 5 years)**

- 2001-Present : Managing Director, Winner Insurance Broker Co., Ltd

**Number of Ordinary Share of the Company (as of 13 March, 2018)**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives**

- (None)



**(7) Mrs. Thanyarat Samrittivanicha**

**Age:** 44

**Position**

- Director

**Appointment Date**

- 2009 to Present

**Education/Seminar**

- Bachelor Degree, Hospitality and Tourism management Program, Assumption University

**Expertise**

- Business and industry relating to NDR

**Director Training**

- DAP 106/2013 Thai Institute of Directors Association (IOD)

**Position in Other Company/Organization/Institution**

- Director Thai Saengcharoen Service Co., Ltd.

**Experiences (In 5 years)**

- 2009-Present Managing director, Winner Petroleum Co., Ltd.

**Number of Ordinary Share of the Company (as of 13 March, 2018)**

- Held personally 5.26%
- Held by spouse or minor children 24.45%

**Family Relationship among Directors and Executives**

- Mr.Chaiyasit Samrittivanicha's wife
- Mrs. Nittaya Samrittivanicha's daughter-in-law



**(8) Mr. Marco Low Peng Kiat**

**Age:** 46

**Position**

- Director

**Appointment Date**

- 2 February 2018 to Present

**Education/Seminar**

- Bachelor of Science in Management & Systems, City University, England

**Expertise**

- Business and industry relating to NDR and real estate

**Director Training**

- None

**Position in Other Company/Organization/Institution**

- Joint Managing Director, Low Keng Huat (Singapore) Limited, Malaysia
- Director, Consistent Record Sdn. Bhd., Malaysia

**Experiences (In 5 years)**

- Present : Director, Consistent Record Sdn. Bhd., Malaysia

**Number of Ordinary Share of the Company (as of 13 March, 2018)**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives**

- (None)





#### 8.6) Executive Officers

As of December 31, 2018, the Company's has eight executive officers as follows:

Name	Position
1. Mr. Chaiyasit Samrittivanicha	Managing Director
2. Mrs. Thanyarat Samrittivanicha	Domestics Sales General Manager
3. Ms. Wassana Apajit	Accounting & Finance General Manager
4. Mr. Boonlai Jumparat	Production General Manager
5. Mr. Jatuporn Samartkit	Mechanical & Engineering General Manager
6. Mr. Atsawin Jaiyai	OEM & Export Sales General Manager
7. Mr. Teetat Chongsukphatthee	Marketing Strategy Development General Manager
8. Mrs. Nopparat Chumpolkulwong	Company Secretary

#### 8.7) Company Secretary

The resolution of Board of Director meeting of 3/2018 date 10 August 2018 agreed to appoint Ms. Nopparat Chumpolkulwong, who has completed Company Secretary Program No. 83/3017 conducted by Thai Institute of Directors, as a Company Secretary and overlook the Board's activities as well as to coordinate as per the Board's resolution with the following responsibilities

- To advise the Board on the terms, rules and regulations of the company and ensure compliance with the correct time. And identify the major changes to the Board.
- Shareholders and directors meeting arrangement as defined by law, company regulation and other practice.
- Record shareholders and directors meeting including follow up the action as per shareholders and directors meeting resolutions.
- Overlook information disclosure and information report under responsibility comply to SET and SEC's regulations and procedures.
- Overlook and cooperate Board of Directors' activities and Directors' orientation.
- Overlook company important documents such as Director registration book, meeting invitation, meeting report, annual report, shareholder invitation letter, shareholder meeting report, Director and management stakeholder report.

#### 8.8) Remuneration for Director and Management

2018 Annual General Shareholders' Meeting resolution agree to define Director, Audit Committee, Nomination and Remuneration Committee's remuneration as meeting allowance as follow:

Title	Remuneration (Baht/Meeting)
<u>Board of Director Meeting</u>	
Chairman	24,000
Member	14,000
<u>Audit Committee Meeting</u>	
Chairman	24,000
Member	14,000
<u>Nomination and Remuneration Meeting</u>	
Chairman	24,000
Member	14,000

#### 2018 Director's Remuneration

Unit : Baht

Directors	Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	The Meeting of Shareholders	Total
1. Mr. Pongsak Swadwan	96,000	-	-	48,000	144,000
2. Mr. Chaivasit Samrittivanicha	-	-	-	-	-
3. Mrs. Nittaya Samrittivanicha	56,000	-	-	28,000	84,000
4. Mrs. Thanyarat Samrittivanicha	-	-	-	-	-
5. Dr. Sirada Jarutakanont	56,000	96,000	24,000	76,000	252,000
6. Mr. Teerasak Sawangnet	56,000	56,000	14,000	28,000	154,000
7. Mr. Kovit Krishnanin	56,000	56,000	-	28,000	140,000
8. Mr. Marco Low Peng Kiat	42,000	-	-	-	42,000

#### 2018 Executive Officer Remuneration

	2016	2017	2018
Number of Executive Officer	6	7	9
Remuneration (Baht)	4,817,757	5,420,439	7,530,671
Type of remuneration	Salary/Bonus	Salary/Bonus	Salary/Bonus

## 8.9) Employee

Total Number of employee classified by major department as of 31 December 2018

Major Department	Number of Employee		
	Full Time	Daily	Total
1. Domestic Sales	11	0	11
2. Export Sales	3	0	3
3. Production	270	198	468
4. Mechanical Engineering	33	5	38
5. Office	45	10	55
<b>Total</b>	<b>362</b>	<b>213</b>	<b>575</b>

## Employee Compensation

In 2018, employee received monetary compensate (exclude management) in type of salary, bonus and others such as commission, overtime, allowance, social security contribution as figures below

Details	2016	2017	2018
Number of Employees	608	612	579
Total Remuneration	126,025,375	117,040,041	111,235,376

## Provident Fund

The company found provident fund since 21 June 2014 with BBL Asset Management Co., Ltd. The company has joined in the ratio of 2 percent of salary. In 2018, The Company contributions to the provident fund for the staff of 128 people Total Amount 400,372 Baht to motivate employee and morale purpose in long term.

## Employee Development Policy

The Company recognizes the importance of human resources which is the essential of the business then to establish the human resource development policy by conduct both internal and external training in the session related to employee role and responsibility in each level including open the opportunity to learn and receiving technology transfer from producer directly when purchase new machine.



## 9. Corporate Governance

### 9.1 Corporate Governance Policy

The Company has established 5 categories corporate governance policy complied to good corporate governance defined by The Securities and Exchange Thailand for listed company 2006. The provisions set The guidelines are based on a practical level. The Company also brought good corporate governance principles to guide policy development for management and business operations run efficiency and transparency. This will provide protection and increase the confidential to shareholder, investor, employee and all related party.

### Section 1 Shareholders' Right

The company has defined the corporate governance policy with the regard of shareholders' right. The company shall not do anything violate or infringe the rights of shareholders and promoted shareholders' right to have their fundamental right such as share selling, share transferring, to get share profit, to get information sufficiently, meeting attending and vote in the meeting for removal director, appoint accounting auditor and other issue that impact to the company such as dividend allocation, to determine whether amendment regulations and memorandum, capital increase and decrease, approval special issue, opinion expression independently, To participate in the important decisions of other companies .All shareholders with voting rights on the shares held. each share is entitled to one vote.

- 1) Publish important news And the need for shareholders regularly. Through the company's website. And press the SET.
- 2) Send the meeting appointment letter mention date, time, venue and related agenda together with reference documents to shareholders such as:
  - a) Map
  - b) Meeting Agenda
  - c) Annual report
  - d) Proxy letter provide the information concerning independent Director, shareholder can decide to assign a person to be a representative to attend the meeting. The details of information concerning documents required was in meeting appointment letter.
  - e) Articles of Association concerning the shareholders' meeting.

The notice of meeting will be sent to shareholders seven days in advance comply to with the Securities and Exchange Commission and the Stock Exchange of Thailand.

In the event that the shareholders unable to attend the meeting in person. The Company allows shareholders to appoint an independent director or any person. Attend the meeting The Proxy Form, one that the company has shipped the meeting.

- 3) Disclosure the shareholders' meeting agenda 30 days in advance through company website in order to let shareholders study meeting information adequately and provide the opportunity to send opinion, suggestion and question before meeting day.

- 4) Before meeting, chairman will clarify meeting regulations concerning number/proration of shareholder Attended both by self and proxy, voting, counting vote, provide vote counting committee compose of Independent Director, Accounting Auditor, Company Officer conduct counting for transparency and showing the result every agenda in that meeting. The chairman shall allocate time for the meeting sufficiently.
- 5) Provide the opportunity for shareholder to participate in the meeting such as question or any propose the opinion before voting and summarize the meeting resolution. Director and Board of Director shall clarify and answer the question to shareholders. Once the meeting is ended, the data shall prepare in the meeting agenda correct. When the meeting finished, the company will prepare a report showing the data correctly to shareholder accountability.
- 6) Provide the opportunity shareholders who come after meeting start have right to vote in the agenda that is not have the resolution.
- 7) All directors attended the AGM shareholders can ask the chairman in related issues.
- 8) Operate effectively in creating sustainable growth for the organization so that shareholders receive a reasonable return.

## **Section 2 Shareholders' right to equal treatment**

The Company recognizes all shareholders, management and non management shareholders the majority shareholder, the minority shareholders, foreigner shareholders to be treated equally and fairly. The action follows.

- 1) Provide shareholders the opportunity to propose to adding the meeting agenda and propose a nomination to receive a Director election in annual shareholders ordinary meeting before sending meeting notification by provide the method and time frame through SET information system.
- 2) Conduct meeting by respective agenda defined in meeting appointment letter (No alternate agenda) and no other additional agenda to review beside the agenda defined in meeting appointment letter.
- 3) Independent Director response to overlook minority shareholders, minority shareholders can giving the suggestion, opinion, complains to Independent Director. The Independent Director shall examine and find the appropriate solution or in case of suggestion which Independent Director reviewed and found that such suggestion is important and will be impact to stakeholder or affected to business operations. The Independent Director shall propose such suggestion to shareholders meeting to determine as the agenda in shareholder meeting.
- 4) Propose the Independent Director's data as the selection for proxy of shareholders and to support usage of proxy letter for direct voting capability.
- 5) Provide a ballot on each agenda for shareholders to vote . Especially for shareholders who opposed and abstained . So that shareholders can vote on each matter independently by the end of the meeting Shareholders may request a review for details.
- 6) Provide shareholders the opportunity the alternate of voting nominate Director to appoint person by person.
- 7) Define the company confidential information in code of ethics to be a practical guideline for Director, management and employee in order to prevent the information disclosure for personal or related personal benefit.



Violation to this will be a serious offense and will be subject to disciplinary action. The Director and management's responsibility to report asset holding as define by law to the Board of Director.

- 8) Define practical guideline for Director, management and employee regarding to conflict of interest in code of ethics to protect company benefits. In shareholders meeting Director and management shall disclosure their information concerning stakeholder in each agenda to the Board of Director to review transaction that may have conflict and ability to making decision for company's overall benefits. The Director and management that have stake holder will not have the right to vote in that meeting.

### **Section 3 The role of stake holder**

The company has defined practical policy to each stakeholder such as shareholders and investors, customers, partners and/or creditor, trade competitor, employee, government, community and society clearly in Code of Ethics and cooperate governance to promote cooperation between the company and stakeholder to create wealth, financial stability and sustainability of the business.

#### **- Stakeholder Management**

##### **1) Shareholders and Investor**

The company has policy to conduct the business with honesty, integrity and ethics and effort to develop the business to grow progressively, with good performance to generate a reasonable return on investment to shareholders and investor continuously and sustainable by adhering to treat shareholders equally including disclosure truly information regularly and completely.

##### **2) Customer**

The company recognize the importance of customer satisfaction therefore the company initiate ISO 9001 to implement in the organization, such as the company policy "Development commitment, Maintain standard, Product and Service Innovation, Moving International" Product pricing reasonably, keep customer's secret confidentially and constantly, seeking way how to benefit customer continuously and comply to customers' requirement seriously.

##### **3) Business partners and/or Creditor**

The company has the policy to create good business relationships with business partnerships and /or Creditor. Operate business with fair and support with both party. Treat with business partners and/or creditor equally with regards of the highest interest of the company. To avoid the situation that cause conflicts of interest including strictly comply to covenants to achieve the benefits together no matter financial objectives, payouts, quality monitoring, mortgage and other related issue as agreed with creditor.

#### 4) Trade Competitor

Trade competitor policy is base on the rules of fair competition not find the competitor confidential untrustworthy or inappropriate and not to discredit competitors by accused without fact.

#### 5) Employee

Employee is the most important asset of the company which help to promote and push the company to achieve business target. Therefore, the company has the policy to take care of employee to have a good quality of life by have a fair employment, have appropriate welfare, have the opportunity to progress their development, have a safe and hygiene work environment, strictly practice with employee compliance to law and regulations including practice with employee with gentle and give respect to human dignity.

#### 6) Government

The company operate the business in order to promote and develop the country by compliance practice with law, regulations, rules and related regulations and as per general business traditional.

#### 7) Community and Society

The company recognize in community and society responsibility by giving the respect to practice compliance to safety, security, hygiene and environment appropriately and recognize to the impact of natural resource and environment. Seeking the opportunity to support social activities. Also seeking the opportunity to support social activities, building social responsibilities awareness among all employee continuously and seriously.

### **Section 4 Transparency and Information Disclosure**

The Company places strong emphasis on disclosure of its important information related to the Company both financial information and non-financial information accuracy, completely, timely and transparency both Thai and English such as Annual Report, Report of 56-1, Invitation letter and shareholders meeting minutes through SEC and Company's website. The information is updated regularly.

The company has to abide by the laws, regulations or ordinances as defined by the SEC and SET and other government units strictly.

1) Financial information disclosure especially financial statement is accurate according to the general accepted accounting standard. The selection of appropriate accounting policies, booking records are accuracy and complete enough to cover and maintain the assets and to identify the weakness to prevent fraud or other abnormal operation significantly. Including adequate disclosure Important information as financial statement notes and financial was audited and certified from independent accounting auditor that correct and approve by Audit Committee and the Board of Director before disclosure to public.

2) Transparency – the Director has appointed Audit Committee to audit financial statement, related party transaction, internal control system. The Audit Committee shall report result of audit to the Board of Director meeting. The report of Board of Director, Audit Committee and Accounting Auditor has shown in Annual Report.

3) Directors and executive officers to disclose personal stakeholder information and related person.

4) Disclosure role and responsibility of Directors and sub Directors, number of meeting attendant and number of each Directors attend the meeting in Annual Report.

Disclosure Directors' remuneration policy including type, category and amount of remuneration received by each of the board committee.

## **Section 5 Responsibilities of the Board of Directors**

### **1) Composition of the Board of Directors**

The Board of Directors composed of qualified person who has a major roles and responsibilities in regulate company policy with cooperation with top executive preparing both short-term and long-term operations plan including to define monetary policy, risk management and organization overview. The Board of Directors responsible to a major role in supervise, audit and assess company and top executive's performance as per planning independently.

The Board of Directors acquisitions from shareholders' meeting appointed consist of 8 director. There's 2 Directors hold the position of management. Another 3 directors are not the management but engage to stakeholder and be a Directors or executive of major shareholders and the 3 remaining are independent directors who are not be the executive or engage to major shareholders.

The Chairman is not the same person as President and Chief of Executive and Managing Director. In order to create a balance and to review the administration. The Company has clearly determined the scope of duties and responsibilities of Directors, Executive Directors and Managing Director to prevent Directors, Executive Directors and Managing Director have excess authority approve cash unlimited.

### **2) Sub-Committee**

The Board of Director appointed sub-committee in order to assure shareholders that the Company has the procedure and screening cautiously such as Audit Committee, Remuneration Committee and executive Committee to execute special duty and propose the issue to Board of Director to review and acknowledge.

2.1) Audit Committee Composed of at least one of three Independent Directors or not less than 3 and defined the qualifications of independent Director as regulated by SEC as follow

- a) Not holding shares exceeding 5% of total voting shares of the Company, Mother Company, Subsidiary, Affiliates or juristic that may have conflict of interest.
- b) Not be an employee, staff, salary consultant or authorized personal of the company, mother company, subsidiary, affiliated or juristic person that may have conflict of interest.
- c) Not be a person who have a family relationship or by legal registration as father, mother, spouse, brother, sister, child including executive officer's spouse and child, major shareholders, authorize controller or Directors nominate person or the Company authorize controller or subsidiary.
- d) Not have a business relationship with the Company, Mother Company, Subsidiary, Affiliate or juristic that may have conflict of interest.

- e) Not have other characteristics that might obstruct providing independent opinion related to company business operations.

Audit Committee has the responsibilities to review the Company to have correctness financial report accuracy and openly with external accounting auditor and responsibility executive officer including to review the Company have internal control and internal audit system and concisely, appropriate, update and efficiency risk management system such as BK IA and IC Company Limited is internal audit firm of the Company direct report to company internal audit direct report to Audit Committee – the operations unit.

- 2.2) Remuneration Committee Compose of 3 company directors which have 1 independent director responsible to assess Directors, sub-Director and Managing Director's performance. Follow-up annual performance including review remuneration of Director, sub-Director and Managing Director with reasonable and structural method.
- 2.3) Executive Officers Compose of 8 executive officers 2 Director and 6 non-Directors responsible for planning and define policy, directions, strategies, budget planning, organization structure and management structure, the principle of business operations to comply to general economics and competition condition in the market to Board of Director to review and approve and/or giving consent including to review and follow-up company operations result as regulated policy.

### 3) Roles, Duties and Responsibilities of the Board of Director

The Board of Directors has the responsibility to manage the company as defined by laws objectives and company regulations including the resolution from shareholders' meeting honestly and concisely. Roles, Duties and Responsibilities of the Board of Directors are as follow

- 3.1) Supervise the Company to practice comply to SEC laws, regulations such as related party transaction and selling and buying important assets as per regulated by SET laws or other laws that related company business.
- 3.2) Set target, directions, policy, plan and company budget, control, supervise management and minister of Board of Directors as per assigned policy except the issue require to have the approval resolution from shareholders' meeting such as capital decrease and increase, bond issue, selling or transferring the whole business or in part to other person or buying or receive business transferring from other company, company affidavit or regulations amendment.
- 3.3) Review management structure, appoint executive officer, chief of executive officer, and other committee as appropriate.
- 3.4) Follow-up performance as plan and budget continuously.
- 3.5) Conduct ordinary shareholder meeting within 4 months after ending the account period of the company.
- 3.6) Provide balance sheet and financial statement as of ending the account period of the company propose to shareholder meeting to review and approve.

- 3.7) The Directors shall not conduct the same business as the Company and to compete with the Company business or be join in ordinary share or unlimited liability partner in limited partnership or being a Director of private company or other company which has same business and to compete with the company. No matter for self benefit or for other benefit except inform shareholder before to have resolution to appoint.
- 3.8) The Director shall immediate inform the Company if have engage with stakeholder direct or indirect in any bidding company contract, hold shares or bonds, increasing or decreasing in the company or affiliate company.

#### 4) The Board of Director Meeting

The company recognize the important responsibility as Company Board of Director to join the meeting regularly to consent and making decision concerning to company business as least 3 months/time. There will be the agenda clearly preparation and may sometime to have an extra meeting if necessary.

The Board of Director and Managing Director meeting – Managing Director shall response to define meeting agenda and review the topic to bring to meeting agenda by provide the opportunity to each Director able to propose the topic to review to be the meeting agenda. In each meeting, the Company shall send meeting document to Director in advance so as they can have enough time to study the information adequacy.

When reviewing the issues, the President response to chairman of the meeting provide the opportunity to the Director to have chance to giving their opinion independently. Board of Director meeting voting shall count the decision of the majority vote, one director count one vote. The Stakeholder Director shall not vote in this issue. If vote counted is equal, the chairman of the meeting shall provide additional vote as final vote.

In the Board of Directors' meeting, the Executive officer will attend the meetings to provide useful information and acknowledge policies directly to be able to perform effectively.

After the meeting, the Board of Directors' secretary shall response to making report to propose to the meeting to get approval in the first agenda of the next meeting. The President response to certified the correctness. The Board can express the opinion request to correct add meeting report for more accuracy and correctness.

#### 5) Report

Audit Committee shall response to review financial report by meeting with accounting and finance department and accounting auditor and present financial report to Board of Director quarterly. Board of Director shall response to company financial statement, financial information (Report Board of Directors' Responsibilities to Financial Report) as shown in annual report. Such financial statement prepare as per accounting standards, certified and audit by company accounting auditor choosing from appropriate and acceptable accounting policy and regularly practice including using discretion carefully when preparation and take care. There's adequate information disclosure in financial statement.



#### 6) Remuneration

The Company review the appropriate remuneration for the Board of Director and executive officer by propose to get approval to shareholders meeting in payout the remuneration to the Board of Director. The amount to pay was review in comparison with other company in the same group of industrial. Top Executive remuneration shall review by the Board of Director base on responsibilities and each performance together with the company performance.

Beside normal remuneration the company has the policy to pay a special remuneration as follow

- 6.1) Bonus for employee and management every 4 months base on working and company performance with the approval from Board of Director Meeting.
- 6.2) Bonus for Board of Director as per the approval resolution from shareholder meeting base on working and company performance.

#### 7) Development for The Director and Executive Officer

The Board of Directors promoted and facilitated to have training and knowledge to related personal under the company governance such as Director, Audit Committee, Executive Officer so as they can improve and practice continuously. The above training may take place inside the company or outsource service.

Every time when there's a change in new Director, there will be a useful document and information to support new Director including introduction to nature of business and business direction to new Director.

#### 8) Recruitment and Appointment of Directors and Top Management

In appointing a director for Nomination and Remuneration Committee must consist of 2 independent directors from the 3 directors of the Nomination and Remuneration Committee to responsible for considering the qualified persons by allowing the directors and shareholders to participate in nominating qualified persons. Then, will nominate such person for approval from the committee and then propose to the shareholders' meeting to approve the appointment.

##### 8.1) Supervision the operations of subsidiary companies

Supervision the operations of subsidiary and affiliated companies, the executives shall assign company director or select the executive officer who has appropriate qualification and experiences with the business of subsidiary and affiliated companies to be a management representative to define important policy and control business operations.

Since 2015 on ward, in order to supervise the operations of subsidiary and affiliated companies being more effectiveness and transparency. The Company has defined the procedure to propose name and right for voting in appoint personal to be Director in subsidiary shall have the approval from Board of Director. The appointed person who was appointed as Director in subsidiary and affiliated companies has responsibilities do the best benefits of subsidiary and affiliated companies as per strategies, business plan under the approval policy from Board of Director including practice with good governance. The appointed Director shall have the approval from Board of Director before voting or voting for important issue shall have the approval from Board of Director.

Sending Director to be a representative in subsidiary and affiliated companies shall be a proportion of share holding.

Furthermore, the subsidiary – the Company has defined the regulations the appointed person shall overlook the subsidiary to have the regulations concerning assets transaction, acquisition or selling or other important transaction of the company accuracy and completely and use the criteria of information disclosure same as the Company practice including to control data collection, accounting record of the subsidiary available for auditing and for financial statement preparation.

#### 8.2) Control of internal Information Policy

The company has the policies and procedure to audit Director and executive manage internal information which shall be disclose to the public to use for personal gain as follows

- 1) Educating directors and executives about the duty to report their securities holding and the holding of their spouse and minor children to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act B.E.2535 (include the amendment) and to report the acquisition or disposition of the holding of their spouse and minor children to SEC under Section 246 and the penalty provisions under Section 298 of the Securities and Exchange Act B.E.2535.
- 2) The Company defined the Director to report the acquisition and disposition of the holding to SET as per section 59 of the Securities and Exchange Act B.E.2535 and as per a notification of SET notification of Office of the Securities and Exchange Commission No. SorChor 12/2522 Re:Preparation and Disclosure of Report on Securities Holding of Director, Executive and Auditor so as the Company can audit share selling and buying of all executive.

The Executives who received the important information that result to shares price shall cease selling and buying in a period of one month before disclose the information to public and prohibited to disclose the information to others. If found to disclose the internal information in a way to spoil the company or shareholder reputation by the Company executive, Board of Director. The Board of Director shall take appropriate action. If the offender is the executives at lower level Board of Director shall take action to review the punishment accordingly.

#### 8.3) Audit fee

For the fiscal year 2018, the company and its associates and subsidiaries paid for audit fees amounting to 2,507,150 Baht to Grant Thornton Company Limited and Ms. Sawisyaporn Tungchinsujee, which the company and its subsidiaries do not use other services from the said auditors. The auditors worked for, and to persons or businesses related to the auditors and audit firm do not have any relationships or interests involving the company, management, including their related persons.

The Company and its subsidiaries paid audit fee as follows:

Unit:Baht

Company	Reviewed F/S fee (Quarterly)	Audit F/S (Yearly)	Total
N.D. Rubber Public Company Limited	720,000	590,000	1,310,000
N.D. Interparts Company Limited	78,000	220,000	298,000
Mascasey Trading Company Limited	60,000	120,000	180,000
N.D. Energy Fusion Company Limited	-	20,000	20,000
Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd.	296,250	402,900	699,150
Total			2,507,150

**Remark :** N.D. Energy Fusion Co., Ltd. was audited by Ms. Sawisyaporn Tungchinsujee.

#### 9) Anti-Corruption Policy

N.D. Rubber Public Company Limited (the Company) has a guideline of doing business with transparency, Corporate Social Responsibility and every stakeholder groups according to the principle of corporate governance. In addition, to do the business with transparency and have clear guidelines for prevention and the decision to conduct the business may be at risk of corruption. The company has established a written "Anti-corruption Policy" with the approval of the Board of Directors.

##### Anti-Corruption Policy

"The corrupt" means the exercise of authority acquired, requested or any other type of doing to acquire property or other benefits for government officer, government unit, private sector officer or stakeholders whether direct or indirect to exercise such people in seeking their personal benefits and/or N.D. Rubber Public Company Limited Unless the laws, regulations, notifications, rules, local traditions or trading conventions are permitted. The corruption in this means including bribery and corruption.

Political Support The Company adhere to the neutral political policy will not support or commit any act interested in any one political party or person. The Employee must give support to any political party with care to avoid misunderstanding that the company be a sponsorship.

Charitable Contribution and being the sponsor The company promote charitable contribution for to promote company positive image without any aim of the business in return. The donation to charity and sponsorship will be performed as defined by the company operations manual.

Gift, Souvenir and Entertainment To build a good relationship with business alliances, gift, entertainment and leisure activities is acceptable with appropriate and truthful as defined by the company operations manual. Employee must fill in entertainment requisition form by complete full details and submit to supervisor for approval.

### Whistle blowing, Investigation and Whistleblower Protection Policy

To provide the opportunity to employee to report misconduct activities or fraud in the company confidently. And protect employee from any kind of affected or unfair practice from misconduct activities or fraud reporting. To prevent and combat corruption and reduce damage caused by such event. The Company has set the following guidelines.

#### Misconduct activities or fraud report

- Verbal or written report direct to supervisor when found clue of misconduct activities or fraud.
- If not convenience report to supervisor may report clue through other channel as follow:

#### **Company Secretary**

**Tel :** 038-160707 ext 112

**E-mail:** [nopparat.c@ndrubber.co.th](mailto:nopparat.c@ndrubber.co.th)

**Mailing Address :** N.D. Rubber Public Company Limited 129 Moo 3 Nongchak-Panusnikhom, Nong-Irun Subdistrict, Banbeung, Chonburi 20220

#### **Head of Human Resource Section**

**Tel :** 038-160707

**E-mail:** [thitikarn@ndrubber.co.th](mailto:thitikarn@ndrubber.co.th)

**Mailing Address :** N.D.Rubber Public Company Limited 129 Moo 3 Nongchak-Panusnikhom, Nong-Irun Subdistrict, Banbeung, Chonburi 20220

#### **Chairman of Audit Committee (Outside Independent Committee)**

**E-mail:** [auditcom@ndrubber.co.th](mailto:auditcom@ndrubber.co.th)

**Mailing Address :** N.D.Rubber Public Company Limited 129 Moo 3 Nongchak-Panusnikhom, Nong-Irun Subdistrict, Banbeung, Chonburi 20220

#### Investigation Procedure

- 1) Information Recipients verify data then consider to appoint audit committee to investigate and gathering facts. Investigation committee must perform their duty with fairness regardless of working position, working period or any significant of suspected person or fraud.
- 2) Investigation committee must conduct their investigation and finished the report within 45 days.
- 3) When complete the investigation, the investigation shall report a result of investigation to the Chairman of the Board of Director, Head of Finance, Head of Accounting, Head of Human Resource, Head of Legal and other related party.
- 4) After investigation and found employee misconducted according to the investigation. The company shall carry out the punishment in accordance with regulations. The penalties range from verbal or written

warning, suspension until termination. The management should consider disciplinary action against the offender within 30 days upon receipt the investigation report.

#### Whistleblower Protection

The Company shall protect and employee or management shall not terminate, suspension, penalty or intimidate for giving misconduct activities or fraud information.

In case of employee giving information with good faith and found no wrongdoing later after investigation according to complaint. The company shall not carry any penalty to the employee who provide the information. However, the result of investigation found any facts according to complaint and intend to malice or causing harmful or providing false information. The Company is considering to carry on penalty action the employee as define by company regulation from verbal warning, written warning, suspension until termination.

#### Handling of data and disclosure

During the investigation, the Chairman of investigation committee responsible for handling the document evidence and all wording record. The original wording record and supporting document must send to head of Human Resource as a keeper when complete the investigation.

The company declared the intent to join the Private Sector Collective Action Coalition Against Corruption (CAC) since May 13, 2015.

### **10. Corporate Social Responsibilities**

NDR is aim for business operation concerning environment and communities around the factory. Also, many activities have been done for developing network and sustainable coexistence between communities and NDR. In addition, NDR does activities to develop society with other organizations.

#### **10.1 Environment care**



##### Water Treatment System

The company invested and installed Water treatment system and water supply production system in order to utilize water supply internally. After the system installation, there is no waste to external community.



### Environment pollution management

The company protects dust spreading in the factory by installing vacuum system and pass filters before release to outside. In addition, the protection of air relief from boiler will be checked and evaluated once a year by specialists.

The company determines to evaluate environment in the factory including air relief from boiler, dust level, heat, light density and noise every year.



### Installation of solar cell

The company installed solar cell on factory's roof which can generate electricity 1 megawatt. A Solar cell was initially used in October 2016.

## 10.2 The delivery of good quality of life toward society.

In 2018, the company initiated projects to develop quality of life and society by joining activities with many organizations as follows.

- 1) NDR cooperate with volunteer student from Faculty of Engineer and Agricultural (Rubber Technology and Polymer Major), Mae-Jo University to renovate main building for primary student and deliver 15 packings of rice for canteen cooking that donated by NDR companion's at Baan-Mae-Toh School Chiang Mai Province on September 2018.





2) NDR support healthy promotion activity in concept “Dek-Chang-Wing” (Running for Mechanic man who as a runner) with more than 2,700 participants at Government Complex Chaengwattana Nonthaburi Province on November 2018.



3) NDR as main host of Kathina Ceremony by repairing main hall and donate necessary items for monks such as rice and 250 set of blanket for nearby community village and Commencement of robe-offering at Place for monk Phra That Mor-Lae, Baan Kard, Mae Sra Rieng, Maehongsorn Province on November 2018.





### 10.3 The pass on knowledge

The company encouraged and supported people who are interested in the company's business both educational institution and interested people. The company arranged and provided knowledge in 2018 as follows.

1) The company gives an opportunity to investors who are interested to visit the company and meet the management team in order to exchange knowledge and information with executives. The activities are divided in 2 parts which are lecture in the meeting room and production line visit.



2) The company gives an opportunity to students and lecturers from Rubber and polymer technology, faculty of engineering and agro-industry, Maejo University to visit the company in order to increase skills and knowledge for adjusting their instructional procedure.



## 11. Internal Control and Risk Management

### 11.1 Internal Control Policy and Risk Management

#### Internal Control

The Company aware and recognize to internal control system so as the company can operate smoothly and effective to appointed the Audit Committee responsible to review internal audit system as per internal audit system is comply to the principle of good governance through the meeting of the Audit Committee which compose of accounting auditor, internal auditor and executive officer, to propose the information to the Audit committee to review and acknowledge, follow up progressive, find corrective and preventive action as notification immediately.

The Company assigned independent outside auditor to be internal auditor – BK IA and IC Co., Ltd. by Ms. Boonnee Kusolsopit CPA who has good accounting knowledge and internal controlling ability, as a consultant of setting internal control system and to review risk and abnormal issue propose to Audit Committee quarterly.



### Risk Management

The Company has appointed the Board of Director to be Risk Management Committee responsibility to define the risk appetite, to assess the affected of risk and seeking the prevention and report risk analysis to the committee to review every quarter as define by risk management policy as follow

#### Risk Management Policy

- 1) The Company shall operate under acceptable risk so as the company can drive and growth stability.
- 2) The management and all employees of the company are responsible for the identification including determining appropriate guidelines to deal with such risks.
- 3) Risk significantly and impact to company objectives must be manage as follows
  - Identify risks in a timely manner.
  - Assess consequence and affected of such event occur.
  - Manage risk accordingly.
  - Monitoring to ensure that risks are handled appropriately.

#### Responsibility

- 1) The Board of Director: Responsible to overall company risk management
- 2) Audit Committee: To ensure the company has effective risk management system including risk was manage accordingly.
- 3) The executive committee: acts as a risk management committee, the managing director as a chairman has following responsibility
  - Establish risk management policy and review periodically.
  - Assess the likelihood and consequences occur.
  - Review risk and guidelines for risk management as stated as well as giving suggestion for improvement.
  - Report risk found to the audit committee.
  - Conduct risk management committee at least quarterly.
- 4) Internal Auditor: Responsible for reviewing the effectiveness of risk management controls including follow up improvement.
- 5) Management and employees: Risk identification ability and giving appropriate risk management guidelines and propose to the Board of Director or supervisor.

### 11.2 Risk Management for the year 2018

For the year 2018, the Risk Management Committed held a total of 4 meetings and found that there are important risk as follows:

### **Financial risk**

In 2018, foreign exchange rates still fluctuate in both the US dollar and Malaysian ringgit, as a result, the cost of production and income of the company are uncertain and do not meet the target. However, the company uses financial tools to manage risk. And closely monitor the exchange rate movements in order to keep up with the current situation.

### **Risk of fluctuation of raw material price**

One of our main raw material is natural rubber of which price is fluctuated along with the world commodity price. It is difficult for the company to control the price which can cause our product cost becomes higher when its price is higher. On the other hand, when its price is lower, our product cost will also be lower too. Although in the year 2018, the price of natural rubber is relatively stable, the company continuously control this risk by advance purchasing to fix our cost. To less the impact, our R&D focus on developing new formulation to reduce the product cost.

## **12. The Related Transaction**

### **12.1 The related transaction**

The related transaction was products trading, rental area and guaranteed. The Audit Committee has reviewed such transactions was reasonable owing to regular operations, normal trading with general pricing and cause beneficiary to business operations to NDR Group as related transaction Policy as following

#### **The procedure for approval of the transaction.**

Transaction with a person who may have conflict of interest shall propose to Audit committee to review and approve transaction whether highest beneficiary to the company and to prevent investor and other related person. The transaction shall comply to SET Act, regulations and notification, order or SET's regulations. Transaction stakeholder shall not allow joining in approval process.

Regular trading transaction such as products and services buying, products and services selling. The Company has policy to define the condition as per regular trading and pricing can compare with outside or having independent expert against the transaction shall have the Audit committee review and giving comments quarterly. In reasonably, shall review from market price including condition, and necessity that impact to business operation such as delivery lead time, products special characteristics so as to the highest beneficiary of the Company.

#### **Related Transaction Trend**

The company expected the transaction trend is the guarantees for company loan by Directors or Director's assets for the beneficiary in requesting monetary support from financial institute as necessity. In the past, the company never paid remuneration to the guarantee Director. Moreover, there will be rental, selling, buying, servicing in general in related transaction shall arise in the future. Any conditioning shall comply to general trading by refers to reasonable market price and condition.

The Company shall assigned Audit Committee and/or Independent Director giving comment concerning remuneration rate including the necessity of such transaction. If any transaction occur with person may have conflict of interest in the future, the Company shall follow rules, notifications and/or SEC's regulations and/or SET. The Company may assign the Independent Expert or the company Auditor giving the comments on such transactions for Directors or Shareholder as a reference for making decision depends on the situation. The group of company shall disclosure related transactions in accounting audit certified financial statement's notes.

## 12.2 Summary of Related Company Transactions

Summary of Related Company Transactions as to Holding Stock and / or Sharing Directors For Fiscal Year 2018 (1 January – 31 December 2018)

### N.D. Rubber Public Company Limited Related Party Transaction Report as of December 31, 2018

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
Mr. Chaiyasit Samrittivanicha - Director and Shareholder	Office Rental Fee	108,000	108,000	<b>Service Fee</b> Rented the building for Marketing and Sales department. Rental fee was assessed by independent assessor.
N.D. Interparts Co., Ltd. (NDI) - The Company's subsidiary hold by the Company 91.77% and have the Co-Director Mr. Chaiyasit Samrittivanicha and Mrs. Nittaya Samrittivanicha.	Sales Revenue	130,863	111,582	<b>Normal Business Transaction</b> Determine the selling price with the market price or the cost price plus gross profit by product type. Use the same practice as the transaction with third parties.
	Sale Asset	2,340,935	-	<b>Support Normal Business Transaction</b> NDR sold machinery for the production of goods which sale price is determined more than the depreciated property value.
	Sale of Machine	-	2,160,000	<b>Support Normal Business Transaction</b> NDR sold injection machinery under generally prevalent price not lower than market price.
	Spare Part Expenses	3,373,980	2,926,631	<b>Normal Business Transaction</b> Price close to the price from third parties and use the same practices with third parties.

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
	Location Services	1,656,000	1,656,000	<b>Service Fee</b> NDR has location services (factory) for manufacturing which been assessed by independent assessor.
	Electricity Expenses	338,832	337,896	<b>Normal Business Transaction</b> NDR uses NDI electricity for use in offices, warehouses and canteens by using the same electricity price as the Provincial Electricity Authority.
T. Thaicharoen Rubber Co., Ltd. - Mr. Prasert, Mrs. Nittaya and Mr. Chaiyasit Samrittivanicha are T. Thaicharoen Rubber Co., Ltd.'s Director. - Mr. Prasert and Mrs. Nittaya Samrittivanicha jointly hold 90% of share in T. Thaicharoen Rubber Co., Ltd. - Mr. Chaiyasit and Mrs. Thanyarat Samrittivanicha jointly hold 4.5% of share in T. Thaicharoen Rubber Co., Ltd.	Sales Revenue	6,713	4,460	<b>Normal Business Transaction</b> There is battery sell under generally prevalent price not lower than market price.
	Purchasing Goods and Raw Material	105,823	1,945,626	<b>Support Normal Business Transaction</b> NDR buy Car's Tires for spare parts and the price is not lower than market price.
Thai Saengcharoen Service Co., Ltd. - Mr. Prasert Samrittivanicha is the director and hold 27% of share of Thai Saengcharoen Service Co., Ltd.	Sales Revenue	3,149,393	2,550,467	<b>Normal Business Transaction</b> There is battery sell under generally prevalent and price is not lower than market price.
Whitehouse Plastics Partnership - Mrs. Mukda Swadwan (Mr.Pongsak Swadwan's spouse) is the managing partner and hold 50% share in Whitehouse Plastics	Goods expenses	249,969	265,755	<b>Normal Business Transaction</b> There is a general plastic bag purchasing use in normal business operation by estimate price is not lower than market price.
Mascasey Trading Co., Ltd. - The Company's subsidiary hold by the Company 50% of share and having Mr. Chaiyasit Samrittivanicha as the Co-Directors.	Sales Revenue	23,268,108	21,244,298	<b>Normal Business Transaction</b> There is Motorcycle Tires and Tubes sell under cost-plus margin determination by product type.

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
	Location Services	112,150	112,150	<b>Location Services</b> Factory services contract for manufacturing. Service fee can be compared with the surrounded area.
	Professional Accounting Income	184,673	179,439	<b>Service Fee</b> NDR receive monthly professional fee based on current salary structure of the company.
T. Thaicharoen Service Co., Ltd. - Mr. Prasert and Mrs. Nittaya Samrittivanicha are Director and jointly hold 10% in T.Thaicharoen Service Co., Ltd. - Mr. Chaiyasit and Mrs. Thunyarat Samrittivanicha jointly hold 10% of share in T.Thaicharoen Service Co., Ltd.	Sales Revenue	2,202	748	<b>Normal Business Transaction</b> There is battery sell under generally prevalent price not lower than market price.
	Spare Part expenses	3,271	-	<b>Support Normal Business Transaction</b> NDR buy Car's Battery for spare parts and the price is not lower than market price.
Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd. - The Company's subsidiary hold by the Company 100% of share and having Mr. Chaiyasit Samrittivanicha as the Co-Directors.	Sales Revenue	-	54,496,738	<b>Normal Business Transaction</b> There is Motorcycle Tires and Tubes sell under cost-plus margin determination by product type.
FKR Marketing Sdn. Bhd. - The Company's subsidiary of Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd. hold by the Company 100% of share and having Mr. Chaiyasit Samrittivanicha as the Co-Directors.	Sales Revenue	-	196,497,994	<b>Normal Business Transaction</b> There is Motorcycle Tires and Tubes sell under cost-plus margin determination by product type.
N.D. Energy Fusion Co., Ltd. - The Company's subsidiary hold by the Company 50% of share and having Mr. Chaiyasit Samrittivanicha as the Co-Directors	Sales Revenue	-	23,056	<b>Support Normal Business Transaction</b> NDR has sold car battery to N.D. Energy Fusion Co., Ltd. under cost-plus margin determination by product type.



Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
Saengcharoen Tools Center Co., Ltd. - Mr. Prasert Samrittivanicha is the director and hold 70% of share of Thai Saengcharoen Service Co., Ltd.	Sales Revenue	-	772,710	<b>Support Normal Business Transaction</b> NDR sold car's battery for spare parts and the price is not lower than market price.
Mr. Tanapol Samrittivanicha - Mr. Tanapol Samrittivanicha is the son of Mr. Chaiyasit Samrittivanicha (Director and Shareholder)	Sales Revenue	-	15,094	<b>Normal Business Transaction</b> There is Motorcycle Tires and Tubes sell under cost-plus margin determination by product type.
S.M.K. Industry Co., Ltd. - Mr. Prasert Samrittivanicha is the Director in S.M.K. Industry Co., Ltd. - Mr. Prasert and Mrs. Nittaya Samrittivanicha are jointly hold 41% of share in S.M.K. Industry Co., Ltd.	Sales Revenue	2,237,873	-	<b>Normal Business Transaction</b> There is compound for retread tires under cost-plus margin determination by product type which is the same practice as the price charged to other third parties.

**N.D. Interparts Co., Ltd. (NDI) Related Party Transaction Report as of December 31, 2018**

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
Mrs. Nittaya Samrittivanicha - Director	Overdraft Facilities (OD)	2,175,998	9,500,000	<b>Support Normal Business Transaction</b> Mrs. Nittaya Samrittivanicha guaranteed the company 's directors without receiving any compensation.
	Company Guarantee	500,000	500,000	<b>Support Normal Business Transaction</b> Mrs. Nitaya Samrittivanicha guaranteed the company 's directors without receiving any compensation.
N.D. Rubber Public Company Limited (NDR) - The mother company and has jointly directors Mrs.Nitaya Samrittivanicha and Mr.Chaiyasit Samrittivanicha.	Sales Revenue	3,373,980	2,919,602	<b>Normal Business Transaction</b> There are goods for tires packing in normal business operation under cost-plus margin determination by product type.

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
	Goods and Material expenses	130,863	111,582	<b>Normal Business Transaction</b> There are materials for manufacturing by estimate price not lower than market price.
	Machinery Expenses	2,340,935	2,160,000	<b>Support Normal Business Transaction</b> The Company has purchased Injection Machine from NDR with generally prevalent price not less than market price.
	Location Services	1,656,000	1,656,000	<b>Service Fee</b> The company has location services (factory) for manufacturing. location services fee assessed by independent assessor.
	Electricity Income	338,832	337,896	<b>Normal Business Transaction</b> Transaction under the price from Provincial Electricity Authority (PEA).
	Dividend Expenses	-		<b>Dividend Expenses</b> NDR holds 91.77 % shares in the NDI.
T. Thaicharoen Rubber Co., Ltd. - Mr. Prasert, Mrs. Nittaya and Mr. Chaiyasit Samrittivanicha are T. Thaicharoen Rubber Co., Ltd.'s Director. - Mr. Prasert and Mrs. Nittaya Samrittivanicha jointly hold 90% of share in T. Thaicharoen Rubber Co., Ltd. - Mr. Chaiyasit and Mrs. Thanyarat Samrittivanicha jointly hold 4.5% of share in T. Thaicharoen Rubber Co., Ltd.	Spare Parts Expenses	11,700	26,420	<b>Support Normal Business Transaction</b> Transaction NDI purchasing tires for spare part estimate price not lower than market price
Thai Toyo Rubber Co.,Ltd. - Mr. Prasert Samrittivanicha is the Director and hold 46% shares in Thai Toyo Rubber Co., Ltd.	Goods and Material Expenses	8,560	31,230	<b>Normal Business Transaction</b> Operation by estimate price not lower than market price.
Whitehouse Plastic Partnership - Mrs.Mukda Sawadwan (Mr.Pongsak Swadwan's spouse) is the managing partner and hold 50% share in Whitehouse Plastics	Goods expenses	115,174	63,980	<b>Normal Business Transaction</b> There is a general plastic bag purchasing use in normal business operation by estimate price not lower than market price.

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
T. Thaicharoen Service Co., Ltd. - Mr. Prasert and Mrs. Nittaya Samrittivanicha jointly hold 10% of share in T. Thaicharoen Service Co., Ltd. - Mr. Chaiyasit and Mrs. Thanyarat Samrittivanicha jointly hold 10% of share in T. Thaicharoen Service Co., Ltd.	Sales Revenue	700	-	<b>Support Normal Business Transaction</b> Transaction NDI buy spare part under cost-plus margin determination by product type.
	Maintenance Expenses	2,168	-	<b>Support Normal Business Transaction</b> Transaction NDI purchasing tires for spare part estimate price not lower than market price

**Mascasey Trading Company Limited (MAS) Related Party Transaction Report as of December 31, 2018**

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
N.D. Rubber Public Company Limited (NDR) - The mother company and has jointly directors.	Goods and Material Expenses	23,268,108	21,244,299	<b>Normal Business Transaction</b> There is Motorcycle Tires and Tubes buy under cost-plus margin determination by product type.
	Location Services	112,150	112,150	<b>Location Services</b> Factory services contract for manufacturing. Service fee can be compared with the surrounded area.
	Professional Accounting Expenses	184,673	179,439	<b>Service Fee</b> MAS pays monthly professional fee based on current salary structure of the company.

**Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd. (FKRMM) Related Party Transaction Report as of  
December 31, 2018**

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
N.D. Rubber Public Company Limited (NDR) - The mother company has jointly director Mr. Chaiyasit Samrittivanicha.	Goods and Material Expenses	-	54,496,736	<b>Normal Business Transaction</b> There is Motorcycle Tires and Tubes buy under cost-plus margin determination by product type.

**FKR Marketing Sdn. Bhd. (FKRM) Related Party Transaction Report as of December 31, 2018**

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
N.D. Rubber Public Company Limited (NDR) - The mother company has jointly director Mr. Chaiyasit Samrittivanicha.	Goods and Material Expenses	-	196,497,994	<b>Normal Business Transaction</b> There is Motorcycle Tires and Tubes buy under cost-plus margin determination by product type.

**N.D. Energy Fusion Co., Ltd. (NDEF) Related Party Transaction Report as of December 31, 2018**

Connected Parties / Type of Relationship	Type of Transaction	Amount (Baht)		Type of Connected Transaction
		FY 2017	FY 2018	
N.D. Energy Fusion Co., Ltd. (NDEF) - The mother company has jointly director Mr. Chaiyasit Samrittivanicha.	Spare Parts Expenses	-	23,056	<b>Normal Business Transaction</b> There is car battery buy with estimated price not lower than market price.

### **Section 3 Financial Position and Operating Performance**

#### **13. Report of the Board of Directors' Responsibility for the Financial Reports**

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of 31 December 2018, have been prepared with careful consideration, in conformity with generally accepted accounting principles in Thailand, and using appropriate accounting policies and best estimation. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been duly audited by independent authorized auditors who have provided unqualified opinions. The financial statements therefore reflect the Company's financial condition and results of operation that is true, transparent and reasonable for the benefits of all shareholders and investors.

The Board of Directors has established and maintained an appropriate and efficient internal control system and internal audit system to ensure that all accounting records are accurate, complete and sufficient to safeguard the Company's assets and prevent corruptions and materially irregular practices.

The Board of Directors has appointed an Audit Committee, which consists of independent directors who are responsible for the accuracy and adequacy of the financial reports, the appropriateness and efficiency of the internal control system and internal audit system, and compliance with laws and regulations related to the Company's business. The opinion of the Audit Committee is provided in the Report of the Audit Committee as presented in this annual report.

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and provides reasonable assurance to the credibility of the financial statements of the Company and its subsidiaries as of 31 December, 2018.

On behalf of the Board of Directors

N.D. Rubber Public Company Limited



**Mr.Pongsak Sawadwan**

(Chairman of the Board)



**Mr.Chaiyasit Samrittivanicha**

(Managing Director)



#### 14. Audit Committee Report

N.D. Rubber Public Company's Audit Committee consists of 3 Independent Directors - Dr.Sirada Jaruttakanont, Chairman of Audit Committee, Mr.Teerasak Sawangnet and Mr.Kovit Kristanin. They are not only qualified and experienced in finance and accounting, marketing; organization management including motorcycle tires business but also has the qualification comply to the good requirements and regulations of audit committee defined by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Audit Committee has performed their duty under the scope and responsibility assigned from the Board of Director. In 2018, the Audit Committee conducted 4 meetings with the Management Team, The internal auditors and Auditors. In addition, have been jointly Auditors and The internal auditor to discussions on issues that are important to the financial statement audit. The following activities had been discussed in the meeting;

**Review Financial Statements** – The Audit Committee conducted financial statement review for the quarter of 2018 with the auditor and the management to ensure the financial statement prepare according to the general certified accounting standards in adequate, accuracy and accountability information disclosure comply to law and related notification including consideration new accounting standard, new financial report, new financial and accounting standard interpretation, and the revision of accounting principle that related to the Company.

**Review Connected Transactions** – The Audit Committee has considered the disclosure of the Company, associated Companies and subsidiaries Companies In the event of a transaction or any conflicts of interest between stakeholders for accuracy and adequacy to ensure the audit process is comply to the Stock Exchange of Thailand's good governances.

**Review Internal Control System** – The Audit Committee has reviewed the adequacy of internal control systems of the Company in 2018 by review internal auditor and accounting auditor's report which given the suggestion there's no significance conformance found. So that, the audit committee give the comment the internal control system still adequate and appropriate to the management's operation and comply to policy and the authority defined.

**Oversee the internal Control** – Consider and approved the scope of internal audit year plan for 2019 based on the principles of internal control assessment and the scope that covered major important process including review audit results which is directly report from the auditor to ensure independent of the auditor.

**Review Risk Assessment Management** – To review Risk Management with the Management and follow up the implementation including propose the effectiveness of risk management process to ensure the Company shall have risk management continuously and to consider the preventive and the eliminate important business risk both existing and in the future including setting additional measurement for better improvement.

**To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business** – The Audit Committee has reviewed the Company's compliance with the notification of the Securities and Exchange Commission and the Stock Exchange of Thailand and the laws relating to the

Company's business regularly for the purpose of extremely efficiency and effectiveness. Including any action with stakeholders with fairness and transparency can be trace according to good governance best practice so that to creditability to our investor and stakeholders.

**Consider, select and nominate an independent person to the Company's auditor** – The Audit Committee has considered and selected the auditor for 2019 by review the auditor's qualification from business knowledge and experiences including the appropriation of remuneration and propose the resolution to the Board for approve from the annual general meeting of shareholder in 2019 to appoint the following auditors:

- **Grant Thornton Limited** by Mr. Somckid Tiattragul Certified Public Account No. 2785, Ms. Kanyanat Sriratchatchaval Certified Public Account No. 6549, Mr. Teerasak Chuasrisakul Certified Public Account No. 6624 or Mr. Narin Churamongkol Certified Public Account No. 8593, to be the auditing firm of the Company and its subsidiaries which are Mascasey Trading Co., Ltd. (MAS) and N.D. Interpart Co., Ltd. (NDI);
- **Grant Thornton Malaysia** by Mr. Kho Kim Eng to be auditor for Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd. (FKRMM); and
- **Ms. Wisayaporn Tungchinsujee**, Certified Public Account No. 09870 to be auditor for N.D. Energy Fusion Co., Ltd.

Dated: 22 February 2019

On behalf of the Audit Committee



Dr. Sirada Jaruttakanon

(The Chairman of Audit Committee)

## 15. Management Discussion and Analysis

In 2018, the most impact transaction is taking over Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd. in Malaysia. Malaysia's market is one of NDR's main source of revenue. Taking over FKR early of 2018 reflects the followings:

- Selling revenue of 2018 is increases by 152.38 million Baht.
- Gross profit margin is increased from 8.41% to 17.57%
- There is a special expense for taking over transaction at 13.21 million baht.
- There is a special revenue (Gain from Bargain Purchase) at 33.65 million baht.

Important factors which have impact to the company's operation are:

- **Cost of Production:** In 2018, raw material cost is not our problem. NR price is quite stable in the low zone. Other raw materials' price is a little bit fluctuated, so there is no much impact for overall cost of production.
- **Exchange Rate:** The appreciated of Baht for the whole year of 2018 has a negative impact to our revenue when exchange to Thai Baht. The impact is about 3.79%.
- **Marketing Situation:** The competition in the market is quite severe. There are couple new comers which causes to the price competition and special campaign which result to lower our profit margin.

We can summarize that, in 2018, we could not get our profit target because of higher competition and the low purchasing power which force us to reduce price and to have special promotion to achieve the revenue. However, we have also done the cost reduction project to help maintaining our margin which should give us better margin in the long term.



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N.D. RUBBER PUBLIC COMPANY LIMITED

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129 Moo 3 Nongchak-Phanasnikom Rd., Nongaeiroon, Banbueng, Chonburi, Thailand 20220 Tel. 038-160707 Fax. 033-047348



## 16. Financial Statement For the Year Ended 31 December 2018

### Independent Auditor's Report and Consolidated Financial Statements of

### N.D. Rubber Public Company Limited and its Subsidiaries For the Year Ended 31 December 2018

## INDEPENDENT AUDITOR'S REPORT

### To the shareholders of N.D. Rubber Public Company Limited

#### *Opinion*

I have audited the consolidated financial statements of N.D. Rubber Public Company Limited and subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of N.D. Rubber Public Company Limited (“the Company”), which comprise the separate statement of financial position as at 31 December 2018, the separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2018, and its separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants that is 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 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.

Key audit matter	How the matter was addressed in the audit
<p><i>Accounting for business combination</i></p> <p>During the year 2018, the Company acquired new business which engaged in distributing of motorcycle tyres and tubes, other rubber related product, and footwear at 100% shareholding totalling amount of MYR 53 million.</p> <p>During the year 2018, the management determined that the fair value of the net identifiable assets acquired including to intangible assets and a goodwill arose from business combination. The valuation of the intangible assets was performed as part of the purchase price Allocation by an independent expert.</p> <p>The measurement of fair values of identifiable assets acquired and liabilities assumed, including intangible assets, for such new businesses acquisition requires significant judgements, estimates and cash flows projections of management with complex determination. The determination of fair values also includes the consideration of the discount rate and a risk adjusted weighted average cost of capital.</p> <p>The Company disclosed business combination in note 2 to financial statements and accounting policies for business combination in note 3 to financial statements.</p>	<p>I assessed the completeness of fair value adjustments made by management and examined details of assets and liabilities at the acquisition date.</p> <p>I reviewed the purchase prices allocation made by expert.</p> <p>I evaluated the professional competency and independency of expert.</p> <p>I tested the reasonable of cash flows projection and discount rates for calculation of fair value of intangible assets.</p> <p>I considered the adequacy of the Group's disclosure for the accounting policies and amount recognition for business acquisition.</p>

### *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 identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and revised a material misstatement.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the Consolidated and Separate 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I 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 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.



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URS is a member of Registrar of Standards (Rofstand) Ltd.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the 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.

**Mr. Narin Churamongkol**

Certified Public Accountant

Registration No. 8593

Grant Thornton Limited

Bangkok

22 February 2019



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N.D. RUBBER PUBLIC COMPANY LIMITED

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N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	131,239,455	51,298,196	35,646,069	40,782,534
Temporary investments	7	6,554,569	3,021,318	6,554,569	3,021,318
Trade accounts receivable - general customers - net	8	124,417,132	87,040,213	59,026,474	77,029,642
- related parties	6, 8	554,905	638,299	33,226,410	12,081,143
Amount due from subsidiary companies	6	-	-	2,311,200	1,059,708
Other accounts receivable - general customers		4,961,489	-	-	-
Inventories - net	9	137,680,790	63,408,324	52,230,900	53,816,354
Refundable value added tax		3,763,846	1,852,337	3,674,577	1,542,792
Refundable corporate income tax		5,216,566	721,983	721,983	721,983
Prepaid expense		-	4,795,366	-	3,007,866
Other current assets		6,293,745	2,991,828	4,478,519	2,954,951
<b>Total Current Assets</b>		<b>420,682,497</b>	<b>215,767,864</b>	<b>197,870,701</b>	<b>196,018,291</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiary companies	10	-	-	417,114,932	9,097,800
Property, plant and equipment - net	12	654,570,077	484,337,429	467,899,442	472,976,143
Intangible assets - net	13	147,007,839	3,327,447	1,896,428	3,234,052
Deferred tax assets	19	2,723,373	119,432	-	-
<b>Total Non-Current Assets</b>		<b>804,301,289</b>	<b>487,784,308</b>	<b>886,910,802</b>	<b>485,307,995</b>
<b>TOTAL ASSETS</b>		<b>1,224,983,786</b>	<b>703,552,172</b>	<b>1,084,781,503</b>	<b>681,326,286</b>



N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdraft and short-term loans from banks	14	156,748,074	56,207,632	125,525,874	54,031,633
Trade accounts payable - general suppliers		74,996,798	89,674,486	69,722,207	83,210,126
- related parties	6	592,271	110,327	1,192,687	576,593
Amount due to subsidiary company	6	-	-	59,090	51,578
Accounts payable for purchases of fixed assets		893,001	2,695,305	893,001	2,695,305
Payable for purchase of investment					
in subsidiary company	17	60,161,623	-	60,161,623	-
Current portion :					
- Liabilities under finance lease agreements	15	9,877,249	9,484,149	9,877,249	9,484,149
- Long-term loan	16	21,450,000	21,450,000	21,450,000	21,450,000
Accrued income tax		1,222,553	391,444	777,178	-
Accrued expenses		42,313,518	11,487,047	9,222,604	10,256,656
Other current liabilities		2,325,636	953,738	2,030,977	495,886
<b>Total Current Liabilities</b>		<b>370,580,723</b>	<b>192,454,128</b>	<b>300,912,490</b>	<b>182,251,926</b>
<b>NON-CURRENT LIABILITIES</b>					
Liabilities under finance lease agreements - net	15	18,804,908	28,596,717	18,804,908	28,596,717
Long-term loan - net	16	12,550,000	32,350,000	12,550,000	32,350,000
Employee benefits obligation	18	5,710,580	4,202,515	4,889,995	3,737,418
Deferred tax liabilities - net	19	53,010,885	9,443,304	9,759,585	9,443,304
<b>Total Non-Current Liabilities</b>		<b>90,076,373</b>	<b>74,592,536</b>	<b>46,004,488</b>	<b>74,127,439</b>
<b>Total Liabilities</b>		<b>460,657,096</b>	<b>267,046,664</b>	<b>346,916,978</b>	<b>256,379,365</b>



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บริษัท เอ็น.ดี.รีบเบอร์ จำกัด (มหาชน)

N.D. RUBBER PUBLIC COMPANY LIMITED

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# N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

Notes	Consolidated F/S		Separate F/S	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital - ordinary share, Baht 1 par value				
Authorized - 387,470,188 shares				
(2017 : 322,500,000 shares)	21	387,470,188	322,500,000	387,470,188
Issued and fully paid - up - 315,391,514 shares				
(2017 : 215,850,000 shares)		315,391,514	215,850,000	315,391,514
Share premium		325,711,286	106,514,298	325,711,286
Retained earnings				
- Appropriated for legal reserve	22	11,509,585	11,389,585	11,509,585
- Unappropriated		119,308,192	99,010,841	85,252,139
Other component of shareholders' equity		(10,015,888)	876,694	-
<b>Total Equity of the Company's Shareholders</b>		<b>761,904,689</b>	<b>433,641,418</b>	<b>737,864,524</b>
Non-controlling interests in subsidiaries	11	2,422,001	2,864,090	-
<b>Total Shareholders' Equity</b>		<b>764,326,690</b>	<b>436,505,508</b>	<b>737,864,524</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,224,983,786</b>	<b>703,552,172</b>	<b>1,084,781,502</b>

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2018	2017	2018	2017
Net sales	20, 27	973,294,524	820,915,225	715,647,776	759,091,612
Costs of sales	9, 25, 27	(802,288,506)	(745,715,605)	(656,664,939)	(695,507,764)
<b>Gross profit</b>		<b>171,006,018</b>	<b>75,199,620</b>	<b>58,982,837</b>	<b>63,583,848</b>
Gain on exchange rate		4,090,860	4,800,663	4,090,860	4,800,584
Other income		5,503,854	4,166,560	6,302,095	6,009,747
Gain from a bargain purchase	2	33,644,905	-	-	-
<b>Profit before expenses</b>		<b>214,245,637</b>	<b>84,166,843</b>	<b>69,375,792</b>	<b>74,394,179</b>
Selling expenses	25, 27	(41,393,527)	(12,622,631)	(10,809,543)	(11,500,199)
Administrative expenses	25, 27	(118,296,563)	(43,342,855)	(44,314,553)	(39,350,064)
<b>Total expenses</b>		<b>(159,690,090)</b>	<b>(55,965,486)</b>	<b>(55,124,096)</b>	<b>(50,850,263)</b>
<b>Profit from operations</b>		<b>54,555,547</b>	<b>28,201,357</b>	<b>14,251,696</b>	<b>23,543,916</b>
Equity in net loss of associated company		-	(230,732)	-	-
<b>Profit before finance costs and income tax</b>		<b>54,555,547</b>	<b>27,970,625</b>	<b>14,251,696</b>	<b>23,543,916</b>
Finance costs	27	(13,055,300)	(7,002,030)	(10,670,303)	(6,950,106)
<b>Profit before income tax</b>		<b>41,500,247</b>	<b>20,968,595</b>	<b>3,581,393</b>	<b>16,593,810</b>
Income tax	19	(13,252,991)	(3,954,739)	(1,353,617)	(3,065,151)
<b>Profit for the year</b>		<b>28,247,256</b>	<b>17,013,856</b>	<b>2,227,776</b>	<b>13,528,659</b>
<b>Other comprehensive loss</b>					
Items that will be reclassified subsequently to profit or loss					
Exchange differences from foreign currency					
financial statements translation - net of income tax	19	(10,892,582)	-	-	-
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss recognized in the year - net of income tax	19	(742,391)	-	(519,072)	-
<b>Other comprehensive loss for the year</b>		<b>(11,634,973)</b>	<b>-</b>	<b>(519,072)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>16,612,283</b>	<b>17,013,856</b>	<b>1,708,704</b>	<b>13,528,659</b>



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N.D. RUBBER PUBLIC COMPANY LIMITED

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N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUE)

FOR THE YEARS ENDED 31 DECEMBER

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
Note		2018	2017	2018	2017
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>					
	Shareholders of the Company	28,689,345	16,865,298	2,227,776	13,528,659
	Non-controlling interests in subsidiaries	(442,089)	148,558	-	-
	<b>Total</b>	<b>28,247,256</b>	<b>17,013,856</b>	<b>2,227,776</b>	<b>13,528,659</b>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR ATTRIBUTABLE TO:</b>					
	Shareholders of the Company	17,054,372	16,865,298	1,708,704	13,528,659
	Non-controlling interests in subsidiaries	(442,089)	148,558	-	-
	<b>Total</b>	<b>16,612,283</b>	<b>17,013,856</b>	<b>1,708,704</b>	<b>13,528,659</b>
<b>BASIC EARNINGS PER SHARE</b>					
	Profit (Baht per share)	0.0990	0.0759	0.0077	0.0609
	Weighted average number of ordinary shares (share)	289,937,698	222,236,807	289,937,698	222,236,807
<b>DILUTED EARNINGS PER SHARE</b>					
	Profit (Baht per share)	0.0990	0.0670	0.0077	0.0537
	Weighted average number of ordinary shares (share)	289,937,698	251,831,049	289,937,698	251,831,049

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED 31 DECEMBER

	Notes	Equity attributable to shareholders of the Company							(Unit : Baht)
		Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total equity attributable to the Company's shareholders	
				Legal reserve	Unappropriated	Surplus on change in proportion of investment in subsidiary company	Exchange differences on translating financial statement		
Consolidated F/S									
Balance as at 1 January 2017									
	21	215,000,000	104,814,298	10,708,461	103,681,570	876,694	-	876,694	436,088,995
		850,000	1,700,000	-	-	-	-	-	2,550,000
		-	-	-	-	-	-	-	1,520,000
	22	-	-	681,124	(681,124)	-	-	-	-
		-	-	-	-	-	-	-	207,560
	23	-	-	-	(20,854,903)	-	-	-	(20,854,903)
		850,000	1,700,000	681,124	(21,536,027)	-	-	-	1,727,560
Transactions with shareholders									(16,577,343)
Total comprehensive income for the year									17,013,856
Balance as at 31 December 2017									436,505,508
Balance as at 1 January 2018									436,505,508
	21	92,770,460	219,196,988	11,389,585	99,010,841	876,694	-	876,694	2,864,090
	22	-	-	120,000	(120,000)	-	-	-	-
	23	-	-	-	(758,549)	-	-	-	(758,549)
	23	6,771,054	-	-	(6,771,054)	-	-	-	-
Transactions with shareholders									311,208,899
Profit (loss) for the year									(442,089)
Other comprehensive loss for the year									(11,634,973)
Total comprehensive income (loss) for the year									16,612,283
Balance as at 31 December 2018									764,326,680



N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER

	Notes	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total
<b>Separate F/S</b>						
<b>Balance as at 1 January 2017</b>		215,000,000	104,814,298	10,708,461	99,200,406	429,723,165
Increase in share capital	21	850,000	1,700,000	-	-	2,550,000
Legal reserve	22	-	-	681,124	(681,124)	-
Dividend payment	23	-	-	-	(20,854,903)	(20,854,903)
<b>Transactions with shareholders</b>		850,000	1,700,000	681,124	(21,536,027)	(18,304,903)
<b>Total comprehensive income for the year</b>		-	-	-	13,528,659	13,528,659
<b>Balance as at 31 December 2017</b>		215,850,000	106,514,298	11,389,585	91,193,038	424,946,921
<b>Balance as at 1 January 2018</b>		215,850,000	106,514,298	11,389,585	91,193,038	424,946,921
Increase in share capital	21	92,770,460	219,196,988	-	-	311,967,448
Legal reserve	22	-	-	120,000	(120,000)	-
Dividend payment	23	-	-	-	(758,549)	(758,549)
Stock dividend	23	6,771,054	-	-	(6,771,054)	-
<b>Transactions with shareholders</b>		99,541,514	219,196,988	120,000	(7,649,603)	311,208,899
<b>Profit for the year</b>		-	-	-	2,227,776	2,227,776
<b>Other comprehensive loss for the year</b>		-	-	-	(519,072)	(519,072)
<b>Total comprehensive income for the year</b>		-	-	-	1,708,704	1,708,704
<b>Balance as at 31 December 2018</b>		315,391,514	325,711,286	11,509,585	85,252,139	737,854,524

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	41,500,247	20,968,595	3,581,393	16,593,810
<b>Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:</b>				
Depreciation and amortization	48,371,505	36,654,599	35,928,913	34,344,453
Unrealized gain on changing in value of investments	(3,591)	(2,214)	(3,591)	(2,214)
Realized gain on disposal of temporary investments	(115,256)	(289,806)	(115,256)	(289,806)
Allowance (reversal of allowance) for doubtful accounts	712,491	(198,636)	(47,442)	(198,636)
Allowance for obsolete and devaluation value of inventories	588,168	310,396	171,134	209,846
Unrealized gain on exchange rate	(2,048,516)	(482,387)	(2,048,516)	(482,387)
Equity in net loss of associate company	-	230,732	-	-
Gain from disposal of fixed assets	(7,293)	(198,642)	(9,535)	(233,901)
Gain from a bargain purchase	(33,644,905)	-	-	-
Written off assets	17,894	-	17,894	-
Employee benefits obligation expenses	452,320	425,952	390,861	367,725
Interest income	(190,226)	(32,716)	(36,378)	(22,425)
Interest expenses	13,055,300	7,002,030	10,670,303	6,950,106
<b>Cash provided from operations before changes in operating assets and liabilities</b>	68,688,138	64,387,903	48,499,780	57,236,571
<b>Decrease (increase) in operating assets:</b>				
Trade accounts receivable - general customers	16,793,269	9,879,579	18,050,610	7,155,785
- related parties	83,394	497,015	(21,120,756)	(10,943,234)
Amount due from subsidiary company	-	-	908,509	(764,890)
Inventories	11,206,535	5,057,041	1,414,320	5,349,288
Refundable value added tax	(1,911,509)	5,015,634	(2,131,786)	5,325,180
Other current assets	(2,681,463)	(3,332,711)	(1,444,629)	(1,996,072)
<b>Increase (decrease) in Operating Liabilities:</b>				
Trade accounts payable - general suppliers	(15,808,971)	2,754,851	(13,477,905)	628,065
- related parties	481,944	(14,313,113)	616,094	(34,698)
Amount due to subsidiary company	-	-	7,511	-
Accrued expenses	5,272,256	(1,317,537)	(1,525,605)	(1,404,911)
Other current liabilities	1,371,898	(219,040)	1,535,091	13,306
<b>Cash provided from operations</b>	83,495,491	68,409,622	31,331,234	60,564,390

N.D. RUBBER PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUE)

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Cash provided from operations (continued)</b>	83,495,491	68,409,622	31,331,234	60,564,390
Interest received	190,226	32,716	36,378	22,425
Interest paid	(12,737,630)	(6,891,430)	(10,557,426)	(6,852,123)
Income tax refunded	758,478	-	-	-
Income tax paid	(5,731,414)	(8,030,069)	(130,390)	(7,126,378)
<b>Net cash provided from operating activities</b>	<b>65,975,151</b>	<b>53,520,839</b>	<b>20,679,796</b>	<b>46,608,314</b>
<b>Cash Flows from Investing Activities:</b>				
Proceeds from disposal of temporary investments	279,165,596	255,090,158	279,165,596	255,090,158
Purchase of temporary investments	(282,580,000)	(234,440,000)	(282,580,000)	(234,440,000)
Cash received from consolidation of subsidiary	-	6,057,446	-	-
Purchase of investment in subsidiary	(42,173,267)	-	(141,202,542)	(3,000,000)
Proceeds from disposal of fixed assets	549	386,916	549	2,726,168
Purchase of fixed assets and computer software	(34,938,530)	(23,724,660)	(30,869,434)	(18,983,798)
Payment for purchases of fixed assets	(2,695,305)	(158,360)	(2,695,305)	(158,360)
<b>Net cash provided from (used in) investing activities</b>	<b>(83,220,957)</b>	<b>3,211,500</b>	<b>(178,181,136)</b>	<b>1,234,168</b>
<b>Cash Flows from Financing Activities</b>				
Increase (decrease) in bank overdraft and short-term loans from banks	20,538,417	(15,474,278)	71,523,132	(15,485,050)
Proceeds from paid-up share capital of subsidiary				
from non-controlling in subsidiaries	-	1,520,000	-	-
Repayment of liabilities under finance lease agreements	(9,398,711)	(9,056,837)	(9,398,710)	(9,056,837)
Repayment of long-term loan	(19,800,000)	(19,800,000)	(19,800,000)	(19,800,000)
Dividend payment	(626,995)	(20,846,769)	(626,995)	(20,846,769)
Proceeds from exercise of warrants	110,667,488	2,550,000	110,667,448	2,550,000
<b>Net cash provided from (used in) financing activities</b>	<b>101,380,199</b>	<b>(61,107,884)</b>	<b>152,364,875</b>	<b>(62,638,656)</b>
Exchange differences from foreign currency financial statements translation	(4,193,134)	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>79,941,259</b>	<b>(4,375,545)</b>	<b>(5,136,465)</b>	<b>(14,796,174)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>51,298,196</b>	<b>55,673,741</b>	<b>40,782,534</b>	<b>55,578,708</b>
<b>CASH AND CASH EQUIVALENTS AT ENDING OF YEAR</b>	<b>131,239,455</b>	<b>51,298,196</b>	<b>35,646,069</b>	<b>40,782,534</b>
<b>Supplemental disclosures for cash flows information</b>				
Accounts payable for purchase of fixed assets	893,001	2,695,305	893,001	2,695,305
Payable for purchase of investment in subsidiary	160,250,514	-	160,250,514	-
Stock dividend	6,771,054	-	6,771,054	-
Increase share capital for purchase of investment in subsidiary	-	-	201,300,000	-

**N.D. RUBBER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2018****1. NATURE OF OPERATIONS**

The Company was incorporated under the Thai Civil and Commercial Code as a limited company on 24 May 1990 in the name of N.D. Rubber Company Limited. The Company changed its status to a public company and registered the change of its name to “N.D. Rubber Public Company Limited” on 15 May 2014. The Company is engaged in manufacturing and distributing motorcycle tyres and tubes, and distributing battery for automobile and motorcycle, including other related services. The registered office address of the Company is 129 Moo 3, Nongsak-Phanasnikom Road, Nongeiroom Sub-district, Banbueng, Chonburi. The major shareholders of the Company are “Samrittivanicha” Family at 53% shareholding.

**2. BASIS OF FINANCIAL STATEMENT PREPARATION****2.1 Statement of compliance**

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

The Federation of Accounting Professions has issued new and revised TFRS, interpretations and guidance effective for annual accounting periods beginning on or after 1 January 2017. The changes were to align with the corresponding International Financial Reporting Standards, with most of the changes relating to the revision of wording and terminology, the provision of interpretations and accounting guidance to the users of the standards. The initial application of these new and revised TFRS has no material effect on the financial statements.

**2.2 New and revised financial reporting standards, interpretations and guidance****2.2.1 Amendments and interpretations to existing Standards that are effective from 1 January 2018**

The Federation of Accounting Professions has issued revised Thai Financial Reporting Standards (TFRS), interpretations and guidance, that are effective for annual accounting periods beginning on or

after 1 January 2018. The changes were to align with the corresponding International Financial Reporting Standards where most of the changes are relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards.

The adoption of these revised TFRS has not had a material impact on the consolidated and separate financial statements except for the addition disclosures required under TAS 7 (see Note 28).

#### 2.2.2 New Standards that are effective from 1 January 2019

During the year, the Federation of Accounting Professions issued Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” (TFRS 15). TFRS 15 is effective for annual accounting periods beginning on or after 1 January 2019, and presents new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 “Revenue”, Thai Accounting Standard No.11 “Construction Contracts”, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

#### 2.2.3 New Standards that are effective from 1 January 2020

During the year, the Federation of Accounting Professions issued Thai Financial issue several TFRSs for financial instruments, which consists of TFRS 9 “Financial instruments”, TAS 32 “Financial instruments: Presentation”, TFRS 7 “Financial instruments: Disclosure”, TFRIC 16 “Hedges of a Net Investment in a Foreign Operation” and TFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, which are effective for annual accounting periods beginning on or after 1 January 2020. The new TFRS establish new requirements relating to the definition, recognition, classification, measurement, impairment of financial assets and liabilities, as well as providing guidance on hedge accounting.

### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Non-derivative financial instruments at fair value through profit or loss	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 18



### Measurement of fair values

A number of the Group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

### 2.4 Basis of consolidation

The consolidated financial statements include the financial statements of N.D. Rubber Public Company Limited and subsidiaries which the Company can exercise control or holdings shares with voting right more than 50% as follow :

Subsidiary Company	Percentage of holding (%)		Nature of business
	2018	2017	
<u>Direct</u>			
N.D. Interparts Co., Ltd.	91.77	91.77	Manufacturing and distributing rubber and synthetic products for motorcycle and automobile
Mascasey Trading Co., Ltd.	50.00	50.00	Distributing tyres and tubes for motorcycle
N.D. Energy Fusion Co., Ltd.	50.00	50.00	Researching, manufacturing and distributing of wireless electrical equipment and system
FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD.	100.00	-	Distributing for motorcycle and bicycle tyres and tubes
<u>Indirect</u>			
FKR MARKETING SND.BHD.	100.00	-	Distributing for motorcycle and bicycle tyres and tubes
GCB TRADING SDN.BHD.	100.00	-	Distributing footwear

Significant transactions with subsidiaries have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

### Subsidiary

Subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The total assets of subsidiaries as at 31 December 2018 and 2017 and total revenues for the years ended 31 December 2018 and 2017, as included in the consolidated financial statements presented in term of percentages as follow:

	Percentage of subsidiary's total assets to		Percentage of subsidiary's total revenues	
	consolidated total assets		to consolidated total revenues	
	31 December	31 December	For the years ended 31 December	
	2018	2017	2018	2017
<u>Subsidiary company</u>				
N.D. Interparts Co., Ltd.	2.36	3.87	4.91	7.61
Mascasey Trading Co., Ltd.	0.77	1.62	1.98	2.36
N.D. Energy Fusion Co., Ltd.	0.44	0.81	-	-
FUNG KEONG RUBBER	33.22	-	35.80	-
MANUFACTORY				
(MALAYA) SDN.BHD.				

At the Extraordinary Shareholders' Meeting No. 1/2018 held on 18 January 2018, the shareholders passed a resolution to entered an agreement to acquire ordinary shares of FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. ("FKRMM") at 100 percent of total shares. Total price is MYR 53 million. Total purchase price comprises of 55,000,000 newly issued ordinary shares of the Company at the value of Baht 4 each, totalling Baht 220 million and cash of MYR 24.40 million which have 4 installments on 22 February 2018, 15 June 2018, 30 June 2019, and 31 December 2019. Consideration transferred for purchase common stock of FKRMM are as follows:

Baht

Fair value of the Company's ordinary share as at acquisition date

(2 February 2018)

201,300,000

Present value of cash payment for 4 installments

194,513,798

Total consideration value for purchase ordinary share of FKRMM

395,813,798

Acquisition - related costs

12,203,334

Total investment cost

408,017,132

On 22 February 2018 and 15 June 2018, the Company paid the first instalment for investment of MYR 4.20 million or equivalent to Baht 33.29 million and the second installment MYR 12.40 million or equivalent to Baht 100.02 million, respectively.

The fair value of identifiable assets acquired and liabilities assumed of FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. and subsidiaries as at 31 January 2018, which approximate to the value at the acquisition date on 2 February 2018, are summarised below:

Baht

**Assets**

Cash and cash equivalents

91,138,644

Trade accounts receivable

68,039,056

Inventories

85,970,144

Other current assets

9,937,489

Intangible assets

154,194,270

Property, plant and equipment – net

184,337,520

Other non-current assets

811,702

**Liabilities**

Short-term loan from bank

(80,030,916)

Trade accounts payable

(14,348,746)

Other current liabilities

(25,531,666)

Other non-current liabilities

(45,058,791)

Total net asset value

429,458,706

Gain from a bargain purchase

(33,644,908)

Total consideration value for purchase common stock of FKRMM

395,813,798

Gain from a bargain purchase of Baht 33.64 million comprise of the different between market price and agreement price, Interest from fair value of ordinary share which have 4 installments and exchange rate between the agreement date and control power in subsidiary date.

Net cash receipt (paid) from business combination during the year ended 31 December 2018 as follows:

	Baht
Consideration value for purchase ordinary share of FKRMM	395,813,798
<u>Less:</u> Fair value of ordinary share of FKRMM as at business combination date	(201,300,000)
Payable for investment as at business combination date	194,513,798
Cash and equivalents of FKRMM as at business combination date	91,138,644
<u>Less:</u> Payment of the first installment of MYR 4.20 million	(33,293,684)
Payment of the second installment of MYR 12.40 million	(100,018,227)
Cash and cash equivalents paid for business combination	(42,173,267)

The Company included the results of operations for this business since the acquisition date in the preparation of the consolidated statement of profit or loss for the year ended 31 December 2018. Significant details are as follows:

	Baht
Revenue from sales	446,950,699
Gain for the period attributable to equity holders of the Company	11,870,251

Conditions for payment of consideration of FKRMM's shares acquisition are as follows:

1. For FKRMM's shares acquisition, MYR is used to determine value of consideration.
2. If the value of net assets of FKRMM is less than MYR 38.00 million as at 31 January 2018 and generates net profit after tax less than 85.00% of net profit which is MYR 6.00 million for the 12-month period ended 31 January 2018, total transaction value of MYR 53.00 million will be reduced in the same amount with the reduction of value of net asset and/or the same amount of the decline of net profit from the agreed amount.
3. In case the Company is unable to pay the 3<sup>rd</sup> payment and the 4<sup>th</sup> payment within the specified period, Consistent Record Sdn. Bhd. ("CRSB"), the Seller, can coordinate with NDR and notify its intention to use money obtained from selling of motorcycle tires and tubes (FKR Brand only) stored in FKRMM's warehouse to pay the remaining amount.

In addition, the significant important condition after completion of transaction is that the Samrittivanicha Family, the existing major shareholders of NDR, shall sell 32,000,000 units of existing warrants (NDR-W1) to CRSB within

1 month after the transaction is completed. CRSB must exercise 20,000,000 units of NDR-W1 and the Samrittivanicha Family must exercise 10,000,000 units of NDR-W1 on 15 June 2018, the exercise date. CRSB can decide to exercise any amount of warrants out of 12,000,000 unit, provided that NDR shareholding proportion of CRSB shall not be more than 25.00%.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

The Company and subsidiaries recognized revenues from sales of goods when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Interest income is recognized on an accrual basis on a time proportion that reflects the effective yield on the asset. Other income is recognized on an accrual basis.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

#### Temporary investment

Temporary investment hold as trading securities is stated at fair value. Gain or loss on revaluation of securities is recognized in profit or loss.

#### Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are presented at the net realizable value. The Company and subsidiaries record allowances for doubtful accounts from accounts receivable which might be uncollectible. Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of year.

#### Inventories

Inventories are presented at the lower of cost or net realizable value. Cost is calculated by the following methods:

Finished goods, work in process and raw materials	- At cost (FIFO method)
Other supplies	- At cost (moving average method)

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion (for work in process) and selling expenses. Provision is made, where necessary, for slow moving and defective inventories based on the Company and its subsidiaries' experiences and the current information.



### Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the seller. For each business combination, the Company measures the non-controlling interest, in the acquire either at fair value or at the proportionate share of the seller's identifiable net assets.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquire, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

### Cost of business combinations

A contingent liability of the acquire is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs incurs in connection with a business combination, such as legal fees, and professional and other consulting fees are expensed as incurred.

### Investments in subsidiaries

Investments in subsidiaries in the separate financial statements is accounted for by cost method. The Company recognises gain or loss on disposal in the statement of profit or loss in the year which sales of investment occurred. In case of impairment on investment, the Company will recognise loss on impairment of investment as expense in the statement of profit or loss. The Company recognised dividend income when the subsidiary declares the payment of its dividends.

### Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated company and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing the Company's operations.

### Property, plant and equipment

#### *Recognition and measurement*

Property, plant and equipment are stated at cost less accumulated depreciation and 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, 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 accounted for as separate items (major components) of property, plant and equipment.

Gains and 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 recognised net within other income in profit or loss.

#### *Subsequent costs*

The cost of replacing 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 Company, 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*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value

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:

	Years
Buildings and improvements	10 - 30
Machinery and equipment	5 – 25
Factory equipment	2 - 20
Furniture, fixture and office equipment	3 – 15
Vehicles	7 - 10

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### *Impairment*

The Company and subsidiaries assess whether there is an indication that any asset may be impaired. If any such indication exists, the Company and subsidiaries make an estimate of the asset recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss is recognized in the statement of profit or loss. An asset recoverable amount is the higher of fair value less costs to sell or value in use.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

### Intangible assets

#### *Computer software*

Computer software is presented at cost less accumulated amortization. Amortization is calculated by reference to cost on a straight-line method over the estimated period of 5 years.

#### *Trademarks*

The Group's trademarks represent trademarks under the name "FKR and GCB" Trademarks acquired in a business combination and are recognized at fair value at the acquisition date. The Group continues to use the trademarks in commercial; and therefore, the trademarks have a finite useful life of 30 years and carried at the cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the trademarks.

#### *Customer relationships*

Customer relationships acquired in a business combination and are recognized at fair value at the acquisition date. The customer relationships have a finite useful life of 8 years are carried at the cost less accumulated amortization. Amortisation is calculated using the straight-line method over the expected life of the customer relationships.

#### *Goodwill*

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less allowance for impairment.

### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in profit or loss as incurred.

#### *Foreign subsidiary*

The assets and liabilities of foreign subsidiary are translated into Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign subsidiary are translated into Thai Baht at rates approximating the exchange rates at the dates of the transactions.

#### Employee benefits

##### *Short-term employment benefits*

Salaries, wages, bonuses and contribution to the social security are recognised as expenses when incurred.

##### *Post-employment benefits (Defined contribution plan)*

The Company and subsidiaries in Thailand with their employees have jointly established a provident fund plan whereby monthly contribution are made by employees and by the Company and subsidiaries. The fund's assets are held in a separate trust fund from the Company's and subsidiaries assets. The Company's and subsidiaries contribution to the fund are recognized as expenses when incurred.

##### *Post-employment benefits (Defined benefit plan)*

The Company and subsidiaries in Thailand have obligation in respect of the severance payment to employees upon retirement under the labour law. The Company and subsidiaries set up the obligation under the defined benefits plan based on actuarial techniques, using the discount method on each projected unit.

The defined benefits liability comprises the present value of the defined benefit obligation and actuarial gains (losses).

Actuarial gains or losses arising from post-employment benefits are recognized immediately in other comprehensive income.

#### Long - term leases - where Company and subsidiaries are the lessee

Leases of equipment where the Company and subsidiaries assume substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair value of leases of assets or estimated present value of the underlying lease payments whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Future lease payments net of

financial charges are recognized as liabilities under finance lease agreements. The financial expense is charged to statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss on a straight - line method over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the year in which termination takes place.

#### Income tax

Income tax expense for the year comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

#### *Current income tax*

Current income tax is the expected tax payable or claimable, under the income tax prevailing, on the taxable profit or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years.

#### *Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they are intended to be settled on a net basis or when income tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### Share premium

The Company recorded cash received in excess of the par value of the shares issued as share premium in the statement of financial position, share premium are deducted from any transaction costs associated with the issuing of shares and related income tax benefits.



### Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

### Basic earnings per share

Basic earnings per share is determined by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

### Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year by the number of ordinary shares and the number of equivalent ordinary shares (warrant) by weighting based on the period of time as if there were conversion of ordinary shares at the issued date of issuance of equivalent ordinary shares.

### Segment reporting

Segment results that are reported to chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### Provisions for liabilities and expenses and contingent assets

Provisions for liabilities and expenses are recognized in the financial statements when the Company and subsidiaries have a present legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent assets will be recognized as separate assets only when the realization is virtually certain.

### Use of accounting estimates

When preparing the financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

#### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT

##### 4.1 Critical accounting estimates, assumption and judgments are as follow:

###### 4.1.1 Impairment of receivables

The Company and subsidiaries set an allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on uncertainty in the collection as considered by the management.

###### 4.1.2 Impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in their fair value. The determination of what is “significant” or “prolonged” requires management judgment.

###### 4.1.3 Allowances for slow-moving and defective inventories

The Company and subsidiaries estimate allowances for slow - moving and defective inventories to reflect impairment of inventories. The allowances are based on the consideration of inventory turnovers and deterioration of each category.

###### 4.1.4 Plant, equipment and intangible assets

Management regularly determines the estimated useful lives and residual values for the Company’s and subsidiaries plant, equipment and intangible assets, and will revise the depreciation where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or when they are no longer in used.

###### 4.1.5 Impairment of assets

The Company and subsidiaries treat asset as impaired when there has been a significant or prolonged decline in the fair value. The determination of what is “significant” or “prolonged” requires management judgment.

###### 4.1.6 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by asset or the cash generated by the asset or the cash generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### 4.1.7 Post-employment benefits (defined benefit plans)

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. Actual post-retirement costs may ultimately differ from these estimates.

#### 4.1.8 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's and subsidiaries future taxable profit against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### 5. CASH AND CASH EQUIVALENTS

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Cash	208,857	139,690	100,000	100,000
Cash at banks				
- Current account	95,435,657	12,022,761	3,927,709	5,417,553
- Saving account	35,594,941	39,135,745	31,618,360	35,264,981
Total	131,239,455	51,298,196	35,646,069	40,782,534

The currency denomination of cash and cash equivalents as at 31 December 2018 and 2017 are as follows:

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
THB	42,357,657	47,985,505	35,422,319	37,469,843
MYR	88,662,378	-	4,330	-
USD	219,420	3,312,691	219,420	3,312,691
Total	131,239,455	51,298,196	35,646,069	40,782,534

## 6. TRANSACTIONS WITH RELATED PARTIES

The Company has certain business transactions with its related companies which are related through common shareholding and/or management. Such transactions are made under the conditions and terms of general trade practice with prices approximate the market.

Relationship with related parties were as follows:

Name	Relationship
T.Thai Charoen Service Co., Ltd.	Co-director
T.Thai Chareon Rubber Co., Ltd.	Co-director
S.M.K. Industry Co., Ltd.	Co-director
Thai Saengareon Services Co., Ltd.	Co-director
Thai Chareon Service Tyre Co., Ltd.	Co-director
Siam Plastwood Co., Ltd.	Co-director
Sangcharoen Tools Center Co., Ltd.	Family member of director
White House Plastic Limited Partnership	Family member of director
Mr.Thanapol Samrittivanicha	Family member of director

Transactions with related parties for the years ended 31 December 2018 and 2017 are as follows:

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
Transaction with related parties	Pricing Policy	2018	2017	2018	2017
Sales of goods					
- Subsidiary companies	Agreed price	-	-	75,896,084	2,107,028
- Indirect subsidiary company	Agreed price	-	-	196,497,995	-
- Related parties	Agreed price	3,343,479	26,688,824	3,343,479	26,688,124
Total		3,343,479	26,688,824	275,737,558	28,795,152
Purchase of raw materials					
- Subsidiary company	Agreed price	-	-	2,919,602	3,373,980
- Related companies	Agreed price	2,333,011	496,666	2,211,381	359,064
Total		2,333,011	496,666	5,130,983	3,733,044

(Unit : Baht)

		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
Transaction with related parties	Pricing Policy	2018	2017	2018	2017
Rental income					
- Subsidiary companies	Agreed price	-	-	1,768,150	1,666,000
- Related company	Agreed price	-	102,150	-	102,150
Total		-	102,150	1,768,150	1,768,150
Service income					
- Subsidiary companies	Agreed price	-	-	179,439	16,000
- Related company	Agreed price	-	168,673	-	168,673
Total		-	184,673	179,439	184,673

(Unit : Baht)

		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
Transaction with related parties	Pricing Policy	2018	2017	2018	2017
- Subsidiary company	Agreed price	-	-	2,160,000	2,340,935
Service expense					
- Subsidiary company	Agreed price	-	-	337,896	338,832
Rental expense					
- Director	Agreed price	108,000	108,000	108,000	108,000
<u>Key directors and management compensation</u>					
Short-term benefits		10,490,639	6,640,768	7,530,671	5,420,439
Provision for post-employment benefit		496,360	61,996	304,758	55,596
Total		10,986,999	6,702,764	7,835,429	5,476,035



As at 31 December 2018 and 2017, the outstanding balances with related parties are as follows :

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
<u>Transaction with related parties</u>	2018	2017	2018	2017
<u>Trade accounts receivable</u>				
- Subsidiary companies	-	-	10,219,334	11,443,593
- Indirect subsidiary company	-	-	22,452,171	-
- Related parties	554,905	638,299	554,905	637,550
Total	554,905	638,299	33,226,410	12,081,143
<u>Amount due from subsidiary companies</u>				
- Subsidiary companies	-	-	2,311,200	1,059,708
<u>Trade accounts payable</u>				
- Subsidiary company	-	-	607,371	495,945
- Related companies	592,271	110,327	585,316	80,648
Total	592,271	110,327	1,192,687	576,593
<u>Amount due to subsidiary company</u>				
- Subsidiary company	-	-	59,090	51,578
<u>Key directors and management compensation</u>				
Employee benefits obligation	859,804	363,444	726,332	331,574



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บริษัท เอ็น.ดี.รับเบอร์ จำกัด (มหาชน)

N.D. RUBBER PUBLIC COMPANY LIMITED

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## 7. TEMPORARY INVESTMENTS

(Unit : Baht)

	Consolidated and Separate F/S	
	2018	2017
Temporary investments		
Mutual fund	6,550,978	3,019,104
Unrealized gain on changing in value of investment	3,591	2,214
Total	6,554,569	3,021,318

During the years ended 31 December 2018 and 2017, movements of temporary investments are as follows:

(Unit : Baht)

	Consolidated and Separate F/S	
	2018	2017
Fair value as at 1 January	3,021,318	23,379,456
Purchases	282,580,000	234,440,000
Disposals	(279,050,340)	(254,800,352)
Fair value adjustment	3,591	2,214
Fair value as at 31 December	6,554,569	3,021,318

## 8. TRADE ACCOUNTS RECEIVABLE – NET

As at 31 December 2018 and 2017, the aged of trade accounts receivable are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<u>Trade accounts receivable – general customers</u>				
Not yet due	103,043,941	69,752,964	43,100,109	60,286,996
Over due :				
Less than 3 months	17,408,844	15,989,214	14,773,750	15,592,089
3 - 6 months	1,415,578	437,140	547,656	289,662
6 - 12 months	2,547,665	75,073	108,244	75,073
Over 12 months	3,644,080	1,547,057	1,210,508	1,547,057
Total	128,060,108	87,801,448	59,740,267	77,790,877
<u>Less</u> Allowance for doubtful accounts	(3,642,976)	(761,235)	(713,793)	(761,235)
Net	124,417,132	87,040,213	59,026,474	77,029,642
<u>Trade accounts receivable – related parties</u>				
Not yet due	254,576	348,249	22,783,544	3,298,624
Over due :				
Less than 3 months	300,329	290,050	8,729,117	8,762,238
3 – 6 months	-	-	1,713,749	20,281
Net	554,905	638,299	33,226,410	12,081,143

During the years ended 31 December 2018 and 2017, the movements in allowance for doubtful accounts as follow:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Balance as at 1 January	761,235	959,871	761,235	959,871
Addition from business combination	1,840,558	-	-	-
<u>Add</u> Allowance for doubtful accounts	2,128,416	-	-	-
<u>Less</u> Reversal of allowance for doubtful accounts	(1,011,632)	(198,636)	(47,442)	(198,636)
Exchange differences from				
financial statements translation	(75,601)	-	-	-
Balance as at 31 December	3,642,976	761,235	713,793	761,235

## 9. INVENTORIES – NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Raw materials	15,886,569	18,600,429	15,665,985	18,156,931
Work in process	11,264,504	11,626,184	10,102,945	9,526,867
Finished goods	101,947,297	23,262,802	20,287,599	16,098,145
Supply inventories	3,122,168	3,049,190	2,695,769	2,697,263
Fuel	368,506	423,318	368,506	423,318
Packaging	3,566,889	3,087,618	3,496,968	3,087,618
Goods in transit	5,519,335	4,041,950	-	4,041,950
Total	141,675,268	64,091,491	52,617,772	54,032,092
<u>Less</u> Allowance for obsolete and				
Declining values of inventories	(3,994,478)	(683,167)	(386,872)	(215,738)
Inventories – net	137,680,790	63,408,324	52,230,900	53,816,354

Inventories recognized as an expense in cost of sales during the years ended 31 December 2018 and 2017 are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Cost of sales	801,730,041	745,405,209	656,493,805	695,297,918
Write-down to net realizable value	2,344,730	327,464	171,134	226,914
Reversal of write-down	(1,786,265)	(17,068)	-	(17,068)
Net	802,288,506	745,715,605	656,664,939	695,507,764

During the years ended 31 December 2018 and 2017, the movements of allowances for obsolete and declining value of inventories are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Beginning balance as at 1 January	683,167	372,771	215,738	5,892
Addition from business combination	2,928,721	-	-	-
<u>Add</u> Allowance for obsolete inventories	2,344,730	327,464	171,134	226,914
<u>Less</u> Reversal of allowance for				
obsolete inventories	(1,786,265)	(17,068)	-	(17,068)
Exchange differences from				
financial statements translation	(175,875)	-	-	-
Ending balance as at 31 December	3,994,478	683,167	386,872	215,738

## 10. INVESTMENTS IN SUBSIDIARIES

(Unit : Thousand Baht)

Subsidiaries	Type of business	Paid-up		Percentage of		Separate F/S	
		Share capital		Shareholding		(Cost method)	
		2018	2017	2018	2017	2018	2017
<u>Direct subsidiaries</u>							
N.D. Interparts Co., Ltd.	Manufacturing and distributing rubber and synthetic products for motorcycle and automobile	6,100	6,100	91.77	91.77	5,598	5,598
Mascasey Trading Co., Ltd.	Distributing tyres and tubes for motorcycle	1,000	1,000	50.00	50.00	500	500
N.D. Energy Fusion Co., Ltd.	Researching, manufacturing and distributing of wireless electrical equipment and system	6,000	6,000	50.00	50.00	3,000	3,000
FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD.	Distributing of motorcycle tyres and tubes and other rubber related product	161,028	-	100.00	-	408,017	-
Total investments in subsidiaries						417,115	9,098

As mentioned in notes 2 and 21, the Extraordinary Shareholders' Meeting No. 1/2018 held on 18 January 2018, the shareholders passed a resolution to entered an agreement to acquire ordinary shares of FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. ("FKRMM") at 100 percent of total shares. totaling, amount of MYR 53 million.

## 11. NON-CONTROLLING INTERESTS

Subsidiaries with material non-controlling interests is as follow :

(Unit: Thousand Baht)

Name	Proportion of ownership interests and voting rights held by the NCI		Total comprehensive income (loss) allocated to NCI		Accumulated NCI	
	2018	2017	2018	2017	2018	2017
N.D. Interpart Co., Ltd.	8.23%	8.23%	363	340	1,691	1,328
Mascasey Trading Co., Ltd.	50.00%	50.00%	(543)	(117)	(452)	91
N.D. Energy Fusion Co., Ltd.	50.00%	50.00%	(262)	(75)	1,183	1,445
Total			(442)	148	2,422	2,864



Summary of financial information of subsidiary companies before eliminating are as follow:

	N.D. Interpart Co., Ltd.	Masecasey Trading Co., Ltd.	(Unit : Thousand Baht) N.D. Energy Fusion Co., Ltd.
	For the year ended	For the year ended	For the year ended
	31 December 2018	31 December 2018	31 December 2018
Total revenue	61,295	24,715	-
Profit (loss) for the year attributable to Company's shareholder	4,105	(543)	(263)
Profit (loss) for the year attributable to non-controlling interest	368	(543)	(263)
Profit (loss) for the year	4,473	(1,086)	(526)
Current assets	16,482	9,342	5,210
Non-current assets	12,486	52	155
Current liabilities	(7,814)	(10,298)	(40)
Non-current liabilities	(821)	-	-
Net assets	20,333	(904)	5,325
Attributable to non-controlling interests	1,691	(452)	2,663
Less Share subscription receivable of non-controlling interests	-	-	(1,480)
Attributable to non-controlling interests - net	1,691	(452)	1,183
Net cash provided from (used in) operations activities	3,030	(855)	(519)
Net cash provided from (used in) investing activities	(2,881)	-	(180)
Net cash provided from (used in) financing activities	(2,176)	-	-
Net cash flow decrease	(2,027)	(855)	(699)

	N.D. Interpart Co., Ltd.	Maseasy Trading Co., Ltd.	(Unit : Thousand Baht)
	For the year ended 31 December 2017	For the period from 10 November 2017 to 31 December 2017	N.D. Energy Fusion Co., Ltd. For the period from 3 November 2017 to 31 December 2017
Total revenue	64,172	2,818	-
Profit (loss) for the year attributable to Company's shareholder	3,794	(117)	(75)
Profit (loss) for the year attributable to non-controlling interest	340	(117)	(75)
Profit (loss) for the year	4,134	(234)	(150)
Current assets	16,620	11,742	5,919
Non-current assets	11,545	64	-
Current liabilities	(11,560)	(11,625)	(68)
Non-current liabilities	(465)	-	-
Net assets	16,140	181	5,851
Attributable to non-controlling interests	1,328	91	2,925
Less Share subscription receivable of non-controlling interests	-	-	(1,480)
Attributable to non-controlling interests - net	1,328	91	1,445
Net cash provided from (used in) operations activities	11,062	(2,261)	(1,889)
Net cash provided from (used in) investing activities	(7,080)	-	4,520
Net cash provided from financing activities	11	-	-
Net cash flow increase (decrease)	3,993	(2,261)	2,631

## 12. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Baht)

	Consolidated F/S						
	Land and improvement	Building and construction	Machinery and factory tools	Factory equipment	Furniture and office Equipment	Vehicle	Asset in transit and in progress
							Total
<b>Cost</b>							
1 January 2017	33,305,828	288,211,770	419,818,851	44,827,590	9,507,751	24,452,113	822,077,402
Acquisitions	-	1,607,850	9,953,022	3,632,222	310,839	940,187	25,935,007
Disposals	-	-	(330,000)	-	-	(619,855)	(949,855)
Increase from consolidation	-	-	-	-	77,100	-	77,100
Transfer in / (out)	-	392,500	582,000	(1,169,228)	(30,748)	-	(1,653,976)
31 December 2017	33,305,828	290,212,120	430,023,873	47,290,584	9,864,942	24,772,445	845,485,678
Increase from business combination	72,340,340	107,132,469	20,446,490	2,766,445	2,803,803	11,399,977	216,889,524
Acquisitions	-	846,410	11,999,299	5,425,431	832,506	1,154,154	33,572,475
Disposals	-	-	(460,771)	(82,135)	-	(43,866)	(586,772)
Amortized	-	-	-	-	(59,602)	-	(59,602)
Exchange differences from financial statements translation	(2,208,917)	(3,217,297)	(624,335)	(84,473)	(84,839)	(377,551)	(6,597,412)
Transfer in / (out)	-	-	8,836,117	(372,163)	(174,993)	-	(601,926)
31 December 2018	103,437,251	394,919,702	470,220,673	54,943,689	13,181,817	36,905,159	1,088,101,965
<b>Accumulated depreciation</b>							
1 January 2017	-	95,122,349	192,875,560	25,189,870	4,717,029	9,781,853	327,686,661
Depreciation for the year	-	10,921,687	17,520,552	4,085,849	830,472	1,912,797	35,271,357
Accumulated depreciation for disposals	-	-	(280,012)	-	-	(481,569)	(761,581)
Increase from consolidation	-	-	-	-	10,678	-	10,678
Transfer in / (out)	-	-	(239,199)	(791,049)	(28,618)	-	(1,058,866)
31 December 2017	-	106,044,036	209,876,901	28,484,670	5,529,561	11,213,081	361,148,249
Increase from business combination	-	4,876,330	17,529,114	2,521,707	2,698,201	4,926,652	32,552,004
Depreciation for the year	-	13,232,315	19,729,480	4,634,954	1,296,685	3,299,927	42,193,361
Accumulated depreciation for disposals	-	-	(468,707)	(80,945)	-	(43,864)	(593,516)
Accumulated depreciation for Amortized	-	-	-	-	(45,144)	-	(45,144)
Exchange differences from financial statements translation	-	(202,874)	(692,677)	(82,229)	(91,647)	(185,201)	(1,254,628)
Transfer in / (out)	-	-	(47,908)	(146,790)	(327,740)	-	(522,438)
31 December 2018	-	123,949,807	245,926,203	35,331,367	9,059,916	19,210,595	433,477,888
<b>Net book value</b>							
31 December 2017	33,305,828	184,168,084	220,146,972	18,805,914	4,335,381	13,559,364	484,337,429
31 December 2018	103,437,251	270,969,895	224,294,470	19,612,322	4,121,901	17,694,564	654,570,077

(Unit : Baht)

Consolidated F/S

	Land and improvement	Building and construction	Machinery and factory tools	Factory equipment	Furniture and office Equipment	Vehicle	Asset in transit and in progress	Total
<b>Depreciation for the year 2017</b>								
Cost of sales								31,872,577
Administrative expense								3,398,780
Total								<u>35,271,357</u>
<b>Depreciation for the year 2018</b>								
Cost of sales								34,621,204
Administrative expenses								7,572,157
Total								<u>42,193,361</u>

(Unit : Baht)

Separate F/S

	Land and improvement	Building and construction	Machinery and factory tools	Factory equipment	Furniture and office Equipment	Vehicle	Asset in transit and in progress	Total
<b>Cost</b>								
1 January 2017	33,305,828	286,293,413	399,460,494	38,769,984	9,090,574	23,504,162	1,953,500	792,377,955
Acquisitions	-	1,607,850	6,108,019	2,749,967	297,233	940,187	9,490,886	21,194,142
Disposals	-	-	(2,759,906)	-	-	(619,855)	-	(3,379,761)
Transfer in / (out)	-	392,500	582,000	(1,169,229)	(30,747)	-	(1,428,500)	(1,653,976)
31 December 2017	33,305,828	288,293,763	403,390,607	40,350,722	9,357,060	23,824,494	10,015,886	808,538,360
Acquisitions	-	819,040	11,596,299	5,194,505	723,234	-	13,314,676	31,647,754
Disposals	-	-	(2,429,907)	-	-	-	-	(2,429,907)
Transfer in / (out)	-	-	8,836,117	(372,163)	(174,993)	-	(8,890,887)	(601,926)
31 December 2018	33,305,828	289,112,803	421,393,116	45,173,064	9,905,301	23,824,494	14,439,675	837,154,281
<b>Accumulated depreciation</b>								
1 January 2017	-	94,045,469	176,212,453	20,659,918	4,991,852	8,604,674	-	304,514,366
Depreciation for the year	-	10,825,727	16,177,315	3,403,303	807,886	1,779,980	-	32,994,211
Accumulated depreciation for disposals	-	-	(405,925)	-	-	(481,569)	-	(887,494)
Transfer in / (out)	-	-	(239,199)	(791,049)	(28,618)	-	-	(1,058,866)
31 December 2017	-	104,871,196	191,744,644	23,272,172	5,771,120	9,903,085	-	335,562,217
Depreciation for the year	-	11,020,268	17,051,004	3,768,023	850,000	1,805,206	-	34,494,501
Accumulated depreciation for disposals	-	-	(279,441)	-	-	-	-	(279,441)
Transfer in / (out)	-	-	(47,908)	(146,790)	(327,740)	-	-	(522,438)
31 December 2018	-	115,891,464	208,468,299	26,893,405	6,293,380	11,708,291	-	369,254,839
<b>Net book value</b>								
31 December 2017	33,305,828	183,422,567	211,645,963	17,078,550	3,585,940	13,921,409	10,015,886	472,976,143
31 December 2018	33,305,828	173,221,339	212,924,817	18,279,659	3,611,921	12,116,203	14,439,675	467,899,442

(Unit : Baht)

Separate F/S							
	Land and improvement	Building and construction	Machinery and factory tools	Factory equipment	Furniture and office Equipment	Vehicle	Asset in transit and in progress Total
<b>Depreciation for the year 2017</b>							
Cost of sales							29,750,834
Administrative expenses							3,243,377
Total							32,994,211
<b>Depreciation for the year 2018</b>							
Cost of sales							31,183,785
Administrative expenses							3,310,716
Total							34,494,501

As at 31 December 2018 and 2017, the costs of fully depreciated assets which are still remained in use amounted to Baht 107.08 million and Baht 106.19 million, respectively.

As at 31 December 2018 and 2017 the Company's machinery and vehicles with total net book value of Baht 44.61 million and Baht 46.82 million, respectively, were acquired under finance lease agreements.

As at 31 December 2018 and 2017, land and buildings of the Company and subsidiary are mortgaged as collaterals for credit facilities with banks as mentioned in Notes 14, 15 and 16.

### 13. INTANGIBLE ASSETS

	Consolidated F/S				Separate F/S
	Computer Software	Trademarks	Customer Relationships	Total	Computer Software
<b>Cost</b>					
At 1 January 2017	7,556,995	-	-	7,556,995	7,391,995
Acquisitions	484,958	-	-	484,958	484,958
At 31 December 2017	8,041,953	-	-	8,041,953	7,876,953
Increase from					
business combination	-	153,706,098	488,172	154,194,270	-
Acquisitions	294,682	-	-	294,682	114,682
Disposals	(18,682)	-	-	(18,682)	(18,682)
Exchange differences					
from financial statements translation	-	(4,692,471)	(14,903)	(4,704,868)	-
At 31 December 2018	8,317,953	149,013,627	473,269	157,804,355	7,972,953



	(Unit : Baht)			
	Consolidated F/S			Separate F/S
	Computer Software	Trademarks	Customer Relationships	Computer Software
<b>Accumulated amortization</b>				
At 1 January 2017	3,331,264	-	-	3,292,659
Amortization for the year	1,383,242	-	-	1,350,242
At 31 December 2017	4,714,506	-	-	4,642,901
Accumulated amortization for the year	1,492,804	4,696,575	55,645	1,434,412
Amortization for disposals	(788)	-	-	(788)
Exchange differences from financial statements translation	-	(118,788)	(1,420)	-
At 31 December 2018	6,206,522	4,536,263	54,225	6,076,525
<b>Net book value</b>				
At 31 December 2017	3,327,447	-	-	3,234,052
At 31 December 2018	2,111,431	144,477,364	419,044	1,896,428
<b>Amortization for the year 2017</b>				
Administrative expenses	1,383,242	-	-	1,350,242
<b>Amortization for the year 2018</b>				
Administrative expenses	1,492,804	4,696,575	55,936	1,434,412

#### 14. BANK OVERDRAFT AND SHORT TERM LOANS FROM BANK

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Bank overdraft	4,927,544	2,175,999	4,927,543	-
Short-term loan	31,222,200	-	-	-
Promissory note	115,000,000	45,000,000	115,000,000	45,000,000
Liabilities under trust receipts	5,598,330	9,031,633	5,598,331	9,031,633
Total	156,748,074	56,207,632	125,525,874	54,031,633

As at 31 December 2018 and 2017, the Company has short-term loans credit facility comprise of bank overdraft, promissory note and liabilities under trust receipts bear interest rates at market rate and collateralized by the mortgages of the Company's land and construction as mentioned in Note 12 and personal guaranteed by certain Company's directors.

As at 31 December 2018 and 2017, the subsidiary company has bank overdraft credit facility with interest rates of collateral fixed deposit account plus 1% per annum. This bank overdraft is collateralized by the mortgages of the parent company's land and construction and personal guaranteed by certain subsidiary company's directors.

As at 31 December 2018, the overseas subsidiary company has short-term loans from bank bear interest rate at market rate and secured by pledge of freehold industrial land with office and factory of the subsidiary company, personal guarantee of a subsidiary company's director and the parent company.

#### 15. LIABILITIES UNDER FINANCE LEASE AGREEMENTS - NET

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2018	2017
Liabilities under finance lease agreements		
Due within one year	10,945,400	10,945,400
Due later than one year but not over five years	19,570,737	30,416,970
Total	30,516,137	41,362,370
<u>Less</u> Deferred interest	(1,833,980)	(3,281,504)
	28,682,157	38,080,866
<u>Less</u> Current portion	(9,877,249)	(9,484,149)
Liabilities under finance lease agreements – net	18,804,908	28,596,717

#### 16. LONG-TERM LOAN

Long-term loan that the Company obtained from a local bank is as follow :

	Interest rate per annum	Principal repayment conditions	(Unit : Baht)	
			Consolidated and Separate F/S	
			2018	2017
Credit line of Baht 100 million	MLR – 3.00% p.a.	Monthly instalments by Baht 1.65 million from August 2015 to June 2020, the remaining will final payment within July 2020.	34,000,000	53,800,000
<u>Less</u> Current portion			(21,450,000)	(21,450,000)
Long - term loan - net			12,550,000	32,350,000

Movements in the long-term loan for the years ended 31 December 2018 and 2017 are as follow :

	(Unit : Baht)	
	Consolidated and Separate F/S	
	2018	2017
Balance as at 1 January	53,800,000	73,600,000
<u>Less</u> Repayment	(19,800,000)	(19,800,000)
Balance as at 31 December	34,000,000	53,800,000

Long-term loan is collateralized by the mortgages of the Company's land and construction as mentioned in Note 12.

Under the term of loan agreement, the Company requires to maintain loan covenants as specified in the agreement such as debt to equity and debt service coverage ratios etc. As at 31 December 2018, the Company is able to maintain debt to equity and debt service coverage ratios in compliance with the loan agreement.

#### 17. PAYABLE FOR PURCHASE OF INVESTMENT IN SUBSIDIARY COMPANY

Payable for purchase of investment in subsidiary company as at 31 December 2018 is as follow:

	(Unit : Baht)
	Consolidated and Separate F/S
Payable for purchase of investment in subsidiary company	61,733,880
<u>Less</u> Deferred finance cost	(1,572,257)
Net	60,161,623
<u>Less</u> Current portion	(60,161,623)
Payable for purchase of investment in subsidiary company – net	-

# 18. EMPLOYEE BENEFITS OBLIGATION

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Statement of financial position</b>				
Obligations for post-employment benefits	5,710,580	4,202,515	4,889,995	3,737,418
<b>Statement of profit or loss and other comprehensive income:</b>				
<i>Recognized in profit or loss:</i>				
Post-employment benefits	580,077	536,552	503,738	465,708
<i>Recognized in other comprehensive income:</i>				
Actuarial losses recognized in the year	927,988	-	648,839	-

The Company and subsidiary had established a defined benefit pension plan under the Thai Labour Protection Act B.E 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movements in the present value of the defined benefit obligations for the years end 31 December 2018 and 2017 are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Beginning balance as at 1 January	4,202,515	3,665,963	3,737,418	3,271,710
<i>Recognised in profit or loss</i>				
- Current service costs	452,320	425,952	390,861	367,725
- Interest on obligation	127,757	110,600	112,877	97,983
<i>Recognised in other comprehensive income</i>				
- Actuarial loss	927,988	-	648,839	-
Balance as at 31 December	5,710,580	4,202,515	4,889,995	3,737,418

Actuarial losses recognized in other comprehensive income arose from:

(Unit : Baht)

	Consolidated F/S	Separate F/S
	2018	2018
Demographic assumptions	149,775	128,183
Financial assumptions	(68,456)	(58,210)
Experience adjustment	846,669	578,866
Total	927,988	648,839

### Actuarial assumptions

The following are principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Discount rate	3.30 percent per annum	3.20 percent per annum	3.30 percent per annum	3.20 percent per annum
Future salary average increment rate	3 percent per annum	3 percent per annum	3 percent per annum	3 percent per annum
Normal retirement age	60 years	60 years	60 years	60 years
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2017	Thai Mortality Table 2017	Thai Mortality Table 2017

### 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)

	Consolidated F/S		Separate F/S	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
<b>Defined benefit obligation</b>				
Discount rate				
Increment (decrement) of employee benefit obligation		(122,237)	(94,238)	109,966
Future salary growth				
Increment (decrement) of employee benefit obligation	141,819	(123,676)	109,170	(95,348)

On 13 December 2018, the National Legislative Assembly approved the Labor Protection Act, that will become effective 30 days after its publication in the Government Gazette, determined employer to pay compensation, if an employee work consecutively period of 20 years or more, employees has right to receives severance payment of 400 days of wages at the most recent rate. When the labor law come into force, the Group will recognize the increase in provision for employee benefits including past services cost of Baht 1.62 million and Baht 1.41 million in the consolidated FS and separate financial statements, respectively. The Group selected to recognise such effect in year 2019.



## 19. DEFERRED TAX

Applicable tax rates for the Group are as follows

	Tax rate (%)	
	2018	2017
Income tax under the Revenue Code of the Company and subsidiaries in Thailand	20	20
Corporate income tax in foreign country	10, 24	10, 24

### 19.1 Deferred tax

Deferred tax assets and liabilities are as follows:

(Unit : Baht)

	Consolidated F/S				
	Recognised in				
					Exchange differences
	Increase from		Other	from financial	
1 January	business		comprehensive	statements	31 December
2018	combination	Profit or loss	income	translation	2018
<b>Deferred tax assets :</b>					
From allowance for doubtful accounts	152,248	-	(9,488)	-	142,760
From allowance for obsolete and declining value of inventories	136,633	-	33,152	-	169,785
From employee benefits obligation	840,503	-	116,015	185,598	1,142,116
From provision expense	-	811,702	-	(24,785)	786,917
<b>Deferred tax liabilities :</b>					
From differences from depreciation	(10,453,256)	(1,341,556)	(796,243)	(74,867)	(12,665,923)
From intangible assets	-	(35,211,060)	1,140,603	2,713,465	(31,356,992)
From revaluation of asset	-	(8,506,175)	-	-	(8,506,175)
	(9,323,872)	(44,247,089)	484,039	2,613,812	(50,287,512)

(Unit : Baht)

	Consolidated F/S			
		Recognised in		
	1 January		Other	31 December
	2017	Profit or loss	comprehensive income	2017
<b>Deferred tax assets :</b>				
From allowance for doubtful accounts	191,975	(39,727)	-	152,248
From allowance for obsolete and declining value of inventories	74,554	62,079	-	136,633
From employee benefits obligation	733,193	107,310	-	840,503
<b>Deferred tax liabilities :</b>				
From forward contract	(208,149)	208,149	-	-
From differences from depreciation	(8,553,857)	(1,899,399)	-	(10,453,256)
	(7,762,284)	(1,561,588)	-	(9,323,872)

(Unit : Baht)

	Separate F/S			
	Recognised in			
	1 January		Other	31 December
	2018	Profit or loss	comprehensive income	2018
<b>Deferred tax assets :</b>				
From allowance for doubtful accounts	152,248	(9,489)	-	142,759
From allowance for obsolete and declining value of inventories	43,147	34,227	-	77,374
From employee benefits obligation	747,484	100,748	129,767	977,999
<b>Deferred tax liabilities :</b>				
From differences from depreciation	(10,386,183)	(571,534)	-	(10,957,717)
	(9,443,304)	(446,048)	129,767	(9,759,585)

(Unit : Baht)

	Separate F/S		
	Recognised in		31 December 2017
	1 January 2017	Profit or loss Other comprehensive income	
<b>Deferred tax assets :</b>			
From allowance for doubtful accounts	191,975	(39,727)	152,248
From allowance for obsolete and declining value of inventories	1,178	41,969	43,147
From employee benefits obligation	654,342	93,142	747,484
<b>Deferred tax liabilities :</b>			
From forward contract	(208,149)	208,149	-
From differences from depreciation	(8,531,499)	(1,854,684)	(10,386,183)
	<u>(7,892,153)</u>	<u>(1,551,151)</u>	<u>(9,443,304)</u>

As at 31 December 2018 and 2017, a subsidiary has deferred tax assets amount of Baht 2.73 million and Baht 0.12 million, respectively. The group therefore presented this amount as non-current assets in consolidated financial statements.

## 19.2 Income tax

*Income tax recognised in profit or loss*

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
<b>Current tax expense</b>				
Current tax income	12,768,952	2,393,151	907,569	1,514,000
<b>Deferred tax income</b>				
Movements in temporary differences	484,039	1,561,588	446,048	1,551,151
<b>Total income tax</b>	<u>13,252,991</u>	<u>3,954,739</u>	<u>1,353,617</u>	<u>3,065,151</u>

Income tax recognised in other comprehensive income

(Unit : Baht)

	Consolidated F/S					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Foreign currency translation differences for foreign operations	13,615,727	(2,723,145)	10,892,582	-	-	-
Defined benefit plan actuarial losses	927,987	(185,596)	742,390	-	-	-
<b>Total</b>	<b>14,543,714</b>	<b>(2,908,741)</b>	<b>11,634,973</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Unit : Baht)

	Separate F/S					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Actuarial losses	648,839	(129,767)	519,072	-	-	-

Reconciliation of income tax are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2018	2017	2018	2017
Accounting profit before tax	41,500,247	20,968,595	3,581,393	16,593,810
Applicable tax rate (%)	20	20	20	20
Tax multiplied by applicable tax rate	8,300,049	4,193,719	716,279	3,318,762
Effects :				
Non-deductible expenses	3,748,157	374,480	649,105	357,970
Change in tax rate	1,411,845	-	-	-
Exemption of income and additional expenses	(505,113)	(736,295)	(11,767)	(611,581)
Loss carried forward of subsidiary	298,053	122,835	-	-
<b>Income tax</b>	<b>13,252,991</b>	<b>3,954,739</b>	<b>1,353,617</b>	<b>3,065,151</b>

## 20. PROMOTION PRIVILEGES

The Company has obtained privileges from the board of investment under the Promotion of Investment Act B.E. 2520, as follows:

Certificate No.	Date	Promoted activity types	Commencing date of revenues generated	Expire date
59-0712-1-014-1-0	25 April 2016	manufacturing vehicle tires	1 October 2016	30 September 2019

The privileges include the following:

- Exemption from import duty on approved imported machinery.
- Exemption from corporate income tax on profits from the promoted activities not exceeding Baht 27,750,000 for a period of three years, commencing the date that income was first derived.
- Exemption from income tax on dividends paid to the shareholders from the profit of the promoted operations during the period in which the corporate income tax is exempted.

As a promoted company, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

Under the announcement of the board of investment no. Por 14/1998, dated 30 December 1998, regarding revenue reporting of a promoted industry, the Company is required to report its revenues in the financial statements separately for promoted and the non – promoted businesses for the years ended 31 December 2018 and 2017 as follows:

(Unit : Baht)			
Consolidated F/S			
For the years ended 31 December			
	Promoted business	Non - promoted business	Total
<b>2018</b>			
Revenue from sales	644,882,573	328,411,951	973,294,524
<b>2017</b>			
Revenue from sales	670,430,339	150,484,886	820,915,225



(Unit : Baht)

	Separate F/S		
	For the years ended 31 December		
	Promoted business	Non - promoted business	Total
<b>2018</b>			
Revenue from sales	644,882,573	70,765,203	715,647,776
<b>2017</b>			
Revenue from sales	670,430,339	88,661,273	759,091,612
Revenue from sales	670,430,339	88,661,273	759,091,612

## 21. SHARE CAPITAL AND WARRANTS

### 21.1 Share capital

On 18 January 2018, at the Extraordinary Shareholders' Meeting 2018 No.1/2018, the shareholders passed a resolution to approve the increase of the registered capital amount of Baht 55,000,000 as a part of FUNG KEONG RUBBER MANUFACTORY (MALAYA) SDN.BHD. from Baht 322,500,000 to Baht 377,500,000 for Private Placement. The Company registered the share capital increment with the Department of Business Development on 24 January 2018.

On 30 March 2018, at the 2018 Annual General Meeting, shareholders passed the resolution to approve the increase of registered capital for stock dividend and for the adjust right exercise warrant No.1 (NDR-W1) amount of 9,970,188 shares at the par value of Baht 1 per share. The Company registered the share capital increment with the Department of Business Development on 9 April 2018.

### 21.2 Warrants

On 30 March 2018, at the Annual General Meeting of shareholder 2018, shareholders passed the resolution to approve the adjustment of purchasing right for the exercise of warrant No.1 (NDR-W1) from exercise price of Baht 3 per share and exercise ratio 1 warrant per 1 ordinary shares to exercise price of Baht 2.93 per share and exercise ratio 1 warrant per 1.03 ordinary shares.

The shareholders passed the resolution to issue 107,500,000 units of the warrants to the existing shareholders, at an offering ratio of 2 ordinary shares to 1 unit of free warrant. The warrants are issued for specific holders

and transferable. The terms of the warrants do not exceed 2 years from the date of which they are granted with the exercise ratio of 1 warrant to 1 new ordinary share. The exercise price is Baht 3 per share, unless the exercise ratio is adjusted under the conditions of the rights adjustment. The warrant holders can exercise their warrants in June and December of each year. The first exercise date will be on 15 June 2017 and the last exercise date will be 22 December 2018.

During the year, movements in number of warrants are as follow :

	Number of warrants (Units)
Balance as at 1 January 2018	106,649,454
Exercise of warrants	(36,670,350)
Warrants expire on 22 December 2018	(69,979,104)
Balance as at 31 December 2018	-

## 22. LEGAL RESERVE

Under the Public Limited Company Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit for the year net of deficit (if any), until the reserve reaches 10 percent of the registered capital. This reserve shall not be distributable for dividends.

## 23. DIVIDEND PAYMENT

At the Annual General Meeting of shareholders for the year 2018 held on 30 March 2018, the shareholders approve the payment of a dividend from operating results for the year ended 31 December 2017 as follow:

- Stock dividend would be paid at the ratio of 40 existing ordinary share to 1 newly issue ordinary share for the existing shares of 270,850,000 shares, totalling of 6,771,250 newly issued ordinary shares. The par value of the newly issued ordinary share is 1 Baht per share, totalling Baht 6,771,250 or dividend rate of Baht 0.025 per share.
- Cash dividend would be paid at the rate of Baht 0.0028 per share for the existing shares at 270,850,000 shares, totalling Baht 0.76 million.

The dividend was paid on 24 April 2018.

At the Annual General Meeting of Shareholders for the year 2017 held on 30 March 2017, the shareholders passed the resolution to pay dividend from profit for the year ended 31 December 2016 at Baht 0.097 per share for 215 million ordinary shares, totaling Baht 20.85 million. The dividend was paid on 27 April 2017.

#### 24. EARNINGS PER SHARE

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings (loss) per share, the weighted average numbers of outstanding ordinary shares are assumed to be converted to ordinary shares that dilute the total number of shares.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the period) based on the outstanding warrants to determine the number of potential common shares to be additionally issued. The potential shares are added to the outstanding ordinary shares but no adjustment is made to profit or loss for the period.

As discussed in Note 23, the Company has stock dividend at the ratio of 40 existing ordinary share to 1 newly issue ordinary share for the existing shares of 270,850,000 shares, totalling of 6,771,250 newly issued ordinary shares. The par value of the newly issued ordinary share is 1 Baht per share, as at 24 April 2018. Subscribed shares 6,771,054 shares totalling Baht 6,771,054 and cancel all remaining shares. The dividend rate is Baht 0.025 per share. Consequently, the Company's basic earnings per share and diluted earnings per share for the years ended 31 December 2018 and 2017 were changed as follows;

	(Unit: Baht)			
	Consolidated F/S		Separate F/S	
	For the year ended 31 December 2017			
	Previously reported		Previously reported	
		Revised		Revised
Basic earnings per share				
Profit for the period portion of the Company's shareholders	16,865,298	16,865,298	13,528,659	13,528,659
Weighted average number of common shares (share)	215,465,753	222,236,807	215,465,753	222,236,807
Earnings per share (Baht)	0.0783	0.0759	0.0628	0.0609

#### Diluted earnings per share

Profit for the period portion of the

Company's shareholders	16,865,298	16,865,298	13,528,659	13,528,659
Weighted average number of common				
shares (share)	245,059,995	251,831,049	245,059,995	251,831,049
Earnings per share (Baht)	0.0688	0.0670	0.0552	0.0537

The calculation of earnings per share, basic and diluted earnings per share for years ended 31 December 2018 and 2017 are as follows:

Consolidated F/S					
Profit for the year ended 31		Weighted average common		Earnings per share	
December		shares			
2018	2017	2018	2017	2018	2017
(Thousand	(Thousand	(Thousand	(Thousand		
Baht)	Baht)	shares)	shares)	(Baht)	(Baht)

#### Basic earnings (loss) per share

Profit attributable to shareholders of the

Company	28,689	16,865	289,938	222,237	0.0990	0.0759
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#### Potential effect of dilutive ordinary shares

Warrants

-	29,594
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#### Diluted earnings (loss) per share

Profit of common shareholder assuming the

exercise of warrants	28,689	16,865	289,938	251,831	0.0990	0.0670
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Profit for the year ended 31		Weighted average common		Earnings per share	
December		shares			
2018	2017	2018	2017	2018	2017
(Thousand	(Thousand	(Thousand	(Thousand		
Baht)	Baht)	Baht)	shares)	(Baht)	(Baht)

#### Basic earnings per share

Profit attributable to

shareholders of the Company	2,228	13,529	288,175	222,237	0.0077	0.0609
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#### Potential effect of dilutive ordinary shares

Warrants

-	29,594
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#### Diluted earnings per share

Profit of common shareholder assuming

the exercise of warrants	2,228	13,529	288,175	251,831	0.0077	0.0537
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As at 31 December 2018, warrants were expired, the Company therefore, does not have potential effect of dilutive ordinary share for the year 2018.

## 25. EXPENSES BY NATURE

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2018	2017	2018	2017
Raw materials and consumable supplies used	454,790,561	540,603,496	479,170,224	513,660,746
Changes in finished goods and work in process	144,368,249	3,019,254	(723,584)	2,787,318
Salaries, wages and other employee benefits	168,461,514	137,677,487	121,506,234	121,244,683
Utilities	39,747,408	36,439,926	33,699,297	31,472,274
Depreciation and amortization	48,371,505	36,654,597	35,928,913	34,344,452
Transportation	8,015,993	3,039,740	3,186,994	2,977,989
Advertising	4,623,817	3,339,511	2,709,963	3,289,511
Repair and maintenance	12,180,457	12,973,162	9,349,746	11,541,664
Factory expense	8,369,147	5,154,554	6,344,199	4,665,867
Other	73,049,945	22,779,364	20,617,049	20,373,523
Total	961,978,596	801,681,091	711,789,035	746,358,027

## 26. PROVIDENT FUND

On June 2013, the Company and subsidiary in Thailand participated to be member in "Sin Sathaporn Fund Provident Fund", which manages by BBL Asset Management Company Limited under the provisions of The Provident Fund Act. B.E.2530. Under the fund regulation, the fund is contributed equally by both the Company and the employees at 2% of their salaries and will be paid to the employees upon termination in accordance with the rules of fund, upon retirement, death or resignation from the member.

For the year ended 31 December 2018, the Company and subsidiary company in Thailand have paid for the contribution into the fund amounting to Baht 0.12 million and Baht 0.02 million, respectively, and for the year ended 31 December 2017, the Company and subsidiary companies have paid for the contribution into the fund amounting to Baht 0.25 million and Baht 0.05 million, respectively.



## 27. SEGMENTAL FINANCIAL INFORMATION

The financial information classified by products for the years ended 31 December 2018 and 2017 are presented as follow :

	Consolidated F/S								(Unit : Thousand Baht)	
	For the year ended 31 December 2018									
	Tires		Tubes		Battery	Rubber part	Footware	Others	Eliminated	Total
	Domestic	Overseas	Domestic	Overseas	Domestic	Domestic	Overseas			
Sales	217,879	586,380	129,046	138,450	49,676	61,295	44,934	20,949	(275,314)	973,295
Cost of sales										(802,289)
<b>Gross profit</b>										171,006
Interest expenses										(13,055)
Depreciation and amortization expenses										(48,372)
Profit before income tax										41,500
Trade accounts receivable – general customers – net										124,417
Property plant and equipment – net										654,570
Other assets										455,997
<b>Total assets</b>										1,224,984
<b>Total liabilities</b>										460,657

(Unit : Thousand Baht)

Consolidated F/S

For the year ended 31 December 2017

	Tires		Tubes		Battery		Rubber part		Footware	Others	Eliminated	Total
	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas				
Sales	203,984	274,389	152,922	53,470	52,444	64,172	-	25,015	(5,481)			820,915
Cost of sales												(745,716)
<b>Gross profit</b>												75,199
Interest expenses												(7,002)
Depreciation and amortization expenses												36,654
Profit before income tax												20,969
Trade accounts receivable – general customers – net												87,040
Property plant and equipment – net												484,337
Other assets												132,175
<b>Total assets</b>												703,552
<b>Total liabilities</b>												267,047

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources and assess its operations.

Major Customer

For the year ended 31 December 2018, the Company's sales are made to 2 overseas customer amounting of Baht 267.69 million.

## 28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The amendments to TAS 7, effective 1 January 2018, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorises those changes into changes arising from cash flows and non-cash changes as required by TAS 7.

The changes in the Group's liabilities arising from financing activities can be classified as follows;

(Unit : Baht)

Consolidated F/S			
	Short-term loans from banks	Long-term loans from banks	Liabilities under financial lease agreement
			Total
1 January 2018	56,207,632	53,800,000	38,080,866
Cash-flows:			
Repayment	(244,423,800)	(19,800,000)	(9,398,709)
Proceeds	264,962,218	-	-
Non-cash:			
Increase from Business combination	80,030,915	-	-
Disposal	(28,891)	-	-
31 December 2018	156,748,074	34,000,000	28,682,157

(Unit : Baht)

Consolidated F/S			
	Short-term loans from banks	Long-term loans from banks	Liabilities under financial lease agreement
			Total
1 January 2017	71,930,418	73,600,000	43,137,704
Cash-flows:			
Repayment	(15,485,039)	(19,800,000)	(9,056,838)
Proceeds	10,761	-	-
Non-cash:			
Disposal	(248,508)	-	-
31 December 2017	56,207,632	53,800,000	38,080,866



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(Unit : Baht)

Separate F/S

	Short-term loans from banks	Long-term loans from banks	Liabilities under financial lease agreement	Total
1 January 2018	54,031,633	53,800,000	38,080,866	145,912,499
<b>Cash-flows:</b>				
Repayment	(198,366,629)	(19,800,000)	(9,398,709)	(227,565,338)
Proceeds	269,889,761	-	-	269,889,761
<b>Non-cash:</b>				
Disposal	(28,891)	-	-	(28,891)
31 December 2018	125,525,874	34,000,000	28,682,157	188,208,031

(Unit : Baht)

Separate F/S

	Short-term loans from banks	Long-term loans from banks	Liabilities under financial lease agreement	Total
1 January 2017	69,765,192	73,600,000	47,137,704	190,502,896
<b>Cash-flows:</b>				
Repayment	(15,485,051)	(19,800,000)	(9,056,838)	(44,341,889)
<b>Non-cash:</b>				
Disposal	(248,508)	-	-	(248,508)
31 December 2017	54,031,633	53,800,000	38,080,866	145,912,499

## 29. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, restricted deposits with banks, trade accounts receivable and payable and short-term loan. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies.

### Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Company and subsidiaries within the normal terms of trade. To manage this risk, the Company and subsidiaries periodically assess the financial viability of customers.

As at 31 December 2018 and 2017, the financial instrument classified by the periods of time from the date on the statements of financial position to their maturity dates are as follows:

(Unit : Baht)

	Consolidated F/S			
	2018			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	131,239,455	-	-	131,239,455
Temporary investment	6,554,569	-	-	6,554,569
Trade accounts receivable	124,972,037	-	-	124,972,037
Bank overdraft and short-term loans from banks	156,748,074	-	-	156,748,074
Long-term loans from banks	-	21,450,000	12,550,000	34,000,000
Trade accounts payable and other payable	75,589,069	-	-	75,589,069
Liabilities under hire - purchase agreements	-	9,877,249	18,804,908	28,682,157



(Unit : Baht)

	Consolidated F/S			
	2017			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	51,298,196	-	-	51,298,196
Temporary investment	3,021,318	-	-	3,021,318
Trade accounts receivable	87,678,512	-	-	87,678,512
Bank overdraft and short-term loans from banks	56,207,632	-	-	56,207,632
Long-term loans from bank	-	21,450,000	32,350,000	53,800,000
Trade accounts payable and other payable	89,784,813	-	-	89,784,813
Liabilities under hire-purchase agreements	-	9,484,149	28,596,717	38,080,866

(Unit : Baht)

	Separate F/S			
	2018			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	35,646,069	-	-	35,646,069
Temporary investment	6,554,569	-	-	6,554,569
Trade accounts receivable	92,252,884	-	-	92,252,884
Other receivables - related companies	2,311,200	-	-	2,311,200
Bank overdraft and short-term loans from banks	125,525,874	-	-	125,525,874
Long-term loans from bank	-	21,450,000	12,550,000	34,000,000
Trade accounts payable and other payable	70,973,984	-	-	70,973,984
Liabilities under hire - purchase agreements	-	9,877,249	18,804,908	28,682,157

(Unit : Baht)

	Separate F/S			
	2017			
	At call	Within 1 year	Over 1 year	Total
<u>Financial assets/ liabilities</u>				
Cash and cash equivalents	40,782,534	-	-	40,782,534
Temporary investment	3,021,318	-	-	3,021,318
Trade accounts receivable	89,110,785	-	-	89,110,785
Other receivables - related companies	1,059,708	-	-	1,059,708
Bank overdraft and short-term loans from banks	54,031,634	-	-	54,031,634
Long-term loans from bank	-	21,450,000	32,350,000	53,800,000
Trade accounts payable and other payable	83,838,297	-	-	83,838,297
Liabilities under hire - purchase agreements	-	9,484,149	28,596,717	38,080,866

### Credit Risk

The Company and subsidiaries provide credit term on its trade transactions. The Company and subsidiaries manage its exposure to credit risk by closely monitoring collection of accounts receivable and focuses on overdue accounts. In the case of doubt about the collectability on accounts receivable, the Company and subsidiaries provided allowance for doubtful accounts in the accounts as deemed necessary.

### Interest Rate Risk

Interest rate risk arises is that future movement of market interest rates, which may have a negative effect to current and future operations of the Company and subsidiaries. Management believes that the interest rate risk is minimum, hence, the Company and subsidiaries have no hedging agreement to protect against such risk.

(Unit : Baht)

	Consolidated F/S				
	2018				
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<b>Financial assets/ liabilities</b>					
Cash and cash equivalents	35,594,941	-	95,644,514	131,239,455	0.25% - 0.50%
Temporary investment	-	-	6,554,569	6,554,569	-
Trade accounts receivable	-	-	124,972,037	124,972,037	-
Bank overdraft and short-term loans					MOR,
from banks	-	156,748,073	-	156,748,073	3.35% - 3.85%
Long-term loans from banks	34,00,000	-	-	34,000,000	MLR - 3.00%
Trade accounts payable and other payable	-	-	75,589,069	75,589,069	-
Liabilities under finance lease agreements	-	28,682,157	-	28,682,157	3.80% - 11.06%

	Consolidated F/S				
	2017				
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<b>Financial assets/ liabilities</b>					
Cash and cash equivalents	39,135,745	-	12,162,451	51,298,196	0.25% - 0.50%
Temporary investment	-	-	3,021,318	3,021,318	-
Trade accounts receivable and unbilled					
accrued income	-	-	87,678,512	87,678,512	-
Bank overdraft and short-term loans					
from banks	-	56,207,632	-	56,207,632	3.35% - 3.85%
Long-term loans from banks	53,800,000	-	-	53,800,000	MLR - 3.00%
Trade accounts payable and other payable	-	-	89,784,813	89,784,813	-
Liabilities under finance lease agreements	-	38,080,866	-	38,080,866	3.80% - 11.06%

(Unit : Baht)

	Separate F/S				
	2018				
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<b>Financial assets/ liabilities</b>					
Cash and cash equivalents	31,618,360	-	4,027,709	35,646,069	0.25% - 0.50%
Temporary investment	-	-	6,554,569	6,554,569	-
Trade accounts receivable	-	-	92,252,884	92,252,884	-
Other receivables	-	-	2,311,200	2,311,200	-
Bank overdraft and short-term loans					MOR,
from banks	4,927,543	120,598,331	-	125,525,874	3.35% - 3.55%
Long-term loan from bank	34,000,000	-	-	34,000,000	MLR - 3.00%
Trade accounts payable and other payable	-	-	70,973,984	70,973,984	-
Liabilities under finance lease agreements	-	28,682,157	-	28,682,157	3.80% - 11.06%

	Separate F/S				
	2017				
	Floated rate	Fixed rate	No interest	Total	Interest rate (%)
<b>Financial assets/ liabilities</b>					
Cash and cash equivalents	35,264,981	-	5,517,553	40,782,534	0.25% - 0.50%
Temporary investment	-	-	3,021,318	3,021,318	-
Trade accounts receivable	-	-	89,110,785	89,110,785	-
Other receivables - related companies	-	-	1,059,708	1,059,708	-
Bank overdraft and short-term loans from banks	-	54,031,634	-	54,031,634	3.35% - 3.55%
Long-term loans from bank	53,800,000	-	-	53,800,000	MLR - 3.00%
Trade accounts payable and other payable	-	-	83,838,297	83,838,297	-
Liabilities under finance lease agreements	-	38,080,866	-	38,080,866	3.80% - 11.06%

#### Foreign Currency Risk

The Company exposure for foreign currency risk relates primarily to its trade accounts receivable and payable which are denominated in foreign currencies. The Company entering into the forward exchange contracts for accounts receivable to reduce exposure on foreign currency risk.

As at 31 December 2018, the Company has financial assets and liabilities in foreign currencies as follow :

Consolidated and Separate F/S			
31 December 2018			
	Foreign currencies	Exchange rate	Baht equivalent
<u>Cash at bank</u>			
USD	6,796	32.2848	219,420
MYR	563	7.6965	4,330
<u>Trade accounts receivable</u>			
MYR	2,917,192	7.6965	22,452,168
<u>Liabilities under trust receipt</u>			
USD	171,360	32.6148	5,588,872
<u>Trade accounts payable</u>			
USD	60,354	32.6148	1,968,434

#### Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of the Company's financial instruments.

- Financial assets are shown at estimated fair value.
- Financial liabilities are shown at the book value which is considered fair value because such liabilities will be matured in short term.

### 30. 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 market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

As at 31 December 2018, Financial assets and financial liabilities measured at fair value are as follows :

(Unit : Thousand Baht)

	Consolidated and Separate F/S			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Fixed income fund	-	6,555	-	6,555

(Unit : Thousand Baht)

	Consolidated and Separate F/S			
	31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Fixed income fund	-	3,021	-	3,021

### 31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 As at 31 December 2018, the Company has commitments for construction factory building and machinery under installation of Baht 7.93 million.

31.2 The Company has entered into sales office, warehouse rental and other services. Under the terms of agreements, the Company is committed to pay as follows :

Years	Baht
Not later than 1 year	227,400
Over 1 year not later than 5 years	72,800
Total	300,200

31.3 The Company has commitment under letter of guarantee issued by bank of Baht 6.44 million for electricity usage and purchase of raw materials.

31.4 The Company has obligations under a domestic bank guarantees for performance bonds required in the normal course of businesses approximately of USD 10,000.

31.5 The Company and its subsidiaries have credit facilities and contingent liabilities from financial institution as at 31 December 2018 as follows :

(Unit: Baht)

	Consolidated F/S		
	Credit line	Used	Balance
<b>Credit facilities</b>			
Bank overdraft	39,500,000	4,927,543	34,572,457
Short-term loan	220,374,925	146,222,200	74,152,725
Long-term loan	38,950,000	34,000,000	4,950,000
Forward agreements	63,902,775	-	63,902,775
<b>Contingent liabilities</b>			
Letter of guarantee	12,000,000	6,133,600	5,866,400
Letter of credit and trust receipts (occasionally)	113,416,650	11,158,929	102,257,721
Bill for collection	33,000,000	-	33,000,000
Lease agreements	28,312,050	27,640,322	671,728

(Unit: Baht)

	Separate F/S		
	Credit line	Used	Balance
<b>Credit facilities</b>			
Bank overdraft	30,000,000	4,927,543	25,072,457
Short-term loan	115,000,000	115,000,000	-
Long-term loan	38,950,000	34,000,000	4,950,000
Forward agreements	60,000,000	-	60,000,000
<b>Contingent liabilities</b>			
Letter of guarantee	11,500,000	5,655,000	5,845,000
Letter of credit and trust receipts (occasionally)	90,000,000	11,158,929	78,841,071
Bill for collection	33,000,000	-	33,000,000
Lease agreements	28,312,050	27,640,322	671,728

## 32. CAPITAL RISK MANAGEMENT

The Company's objectives in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust policy for distribution dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.





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บริษัท เอ็น.ดี.รีบเบอร์ จำกัด (มหาชน)

N.D. RUBBER PUBLIC COMPANY LIMITED

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129 Moo 3 Nongchak-Phanasnikom Rd., Nongeeroon, Banbueng, Chonburi, Thailand 20220 Tel. 038-160707 Fax. 033-047348



### 33. EVENT AFTER REPORTING PERIOD

At the Board of Directors Meeting No. 1/2019 held on 22 February 2019, the Board has a resolution as follow:

- Consider to approve to pay dividend from its retaining earning for the year 2015 for 315.39 shares at Baht 0.03 per share for a total amount of Baht 9.46 million.
- Consider to approve to set aside as a legal reserve from its net income for the year 2018 of Baht 0.12 million.

### 34. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 22 February 2019.

## Section 4 Information for Investors

### 17. Information for Investor

Name	N.D. Rubber Public Company Limited
Stock Code	NDR
Registration No.	0107557000179
Type of Business	Manufacturer and Distributor of Motorcycle Tires and Tubes
Website	<a href="http://www.ndrubber.co.th">www.ndrubber.co.th</a>
Year of Establishment	1990
First Trade Date	January 15, 2015
Registered Capital	387.47 Million Baht
Paid-up Capital	315.39 Million Baht
Ordinary shares	315.39 Shares
Par Value	1 Baht per Share
Preferred Share	None
Fiscal Year	January 1 - December 31 of each year

### Contact Details

#### Head Office

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Tel.	038-160707
Fax	033-047348

#### Company Secretary Office

Tel.	038-160707 Ext 112
Fax	033-047348
Email	<a href="mailto:nopparat.c@ndrubber.co.th">nopparat.c@ndrubber.co.th</a>

#### Investor Relations Department

Tel.	038-160707 Ext 108
Fax	033-047348
Email :	<a href="mailto:wassana@ndrubber.co.th">wassana@ndrubber.co.th</a>

#### Independent Directors

Email :	<a href="mailto:auditcom@ndrubber.co.th">auditcom@ndrubber.co.th</a>
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