

**Lohakit Metal Public Company Limited and its subsidiaries**

**Notes to consolidated interim financial statements**

**For the three-month and nine-month periods ended 31 December 2013**

**1. General information**

**1.1 Corporate information**

Lohakit Metal Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution and shearing of iron and metal products. The registered office of the Company is at 66/1 Moo 6 Suksawad Road, Bangjak, Prapradaeng, Samutprakarn.

**1.2 Basis of preparation**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

**1.3 Basis of consolidation**

These consolidated financial statements include the financial statements of Lohakit Metal Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 March 2013. During the current period, there was no change in the structure of the Group.

#### 1.4 Application of new accounting standards during the period

Below is a summary of accounting standards that became effective in the current accounting period and those that will become effective in the future.

##### (a) Accounting standards that became effective in the current accounting period

Accounting standards:

TAS 12                      Income Taxes

TAS 20 (revised 2009)   Accounting for Government Grants and Disclosure  
                                         of Government Assistance

TAS 21 (revised 2009)   The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8                      Operating Segments

Accounting Standard Interpretations:

TSIC 10                      Government Assistance - No Specific Relation to  
                                         Operating Activities

TSIC 21                      Income Taxes - Recovery of Revalued Non-  
                                         Depreciable Assets

TSIC 25                      Income Taxes - Changes in the Tax Status of an  
                                         Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standards, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

##### **TAS 12 *Income Taxes***

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 2 to the financial statements.

**(b) Accounting standards that will become effective in the future**

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014

		<u>Effective date</u>
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Company has assessed the effect of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations and believes that they are not relevant to the business of the Company, except TAS 12 (revised 2012), for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

## 1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 March 2013, except for the change in the accounting policy due to the adoption of TAS 12 *Income Taxes* as follow:

### **Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

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

**Deferred tax**

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

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

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

The Company record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **2. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard**

During the current period, the Company and its subsidiaries made the change described in Note 1.5 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 March 2013	1 April 2012	31 December 2013	31 March 2013	1 April 2012
<b>Statements of financial position</b>						
Increase in deferred tax assets	21,355	26,985	18,384	11,701	10,442	7,175
Increase in unappropriated retained earnings	21,355	26,985	18,384	11,701	10,442	7,175

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month periods ended 31 December			
Consolidated financial statements		Separate financial statements	
2013	2012	2013	2012

**Statements of comprehensive income**

**Profit or loss:**

Increase (decrease) in income tax	1,117	(1,154)	(1,526)	(887)
Increase (decrease) in profit attributable to equity holders of the Company	(117)	1,047	1,526	887
Increase (decrease) in basic earnings per share (Baht)	(0.0003)	0.0033	0.0040	0.0028

(Unit: Thousand Baht)

For the nine-month periods ended 31 December			
Consolidated financial statements		Separate financial statements	
2013	2012	2013	2012

**Statements of comprehensive income**

**Profit or loss:**

Increase (decrease) in income tax	5,630	(1,894)	(1,259)	(1,612)
Increase (decrease) in profit attributable to equity holders of the Company	(3,207)	1,781	1,259	1,612
Increase (decrease) in basic earnings per share (Baht)	(0.0084)	0.0056	0.0033	0.0050

**3. Related party transactions**

During the period, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	37,047	50,533	Sales of goods:  Market price less discount 2%, and cost plus a margin at rate of 5%  Service income:  Closed to the market price
Service income	-	-	1,200	1,200	Accordance with the  negotiation price
Commission expense	-	-	12	-	Not over 2% of sales
<u>Transactions with related parties</u>					
Sales of goods and service income	-	9,448	-	6,783	Sales of goods:  Closed to the net selling price that is sold to major customers  Service income:  Closed to the market price
Rental income	75	75	75	75	Fixed fee per month
Commission expenses	1,408	2,714	-	61	Not over 2% of sales
Car rental expenses	108	-	-	-	Contract price
<u>Transactions with related parties</u>					
Building rental expenses	744	-	-	-	Contract price that closed to the market price

(Unit: Thousand Baht)

	For the nine-month periods ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	132,920	176,357	Sales of goods: Market price less discount 2%, and cost plus a margin at rate of 5% Service income: Closed to the market price
Service income	-	-	3,600	3,600	Accordance with the negotiation price

(Unit: Thousand Baht)

	For the nine-month periods ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	2013	2012	2013	2012	
Dividend income	-	-	26,640	7,718	As approved by shareholder's meeting
Purchase of goods	-	-	422	-	Market price
Purchase of land	-	-	20,163	-	Accordance with the negotiation price
Commission expense	-	-	71	-	Not over 2% of sales
<u>Transactions with related parties</u>					
Sales of goods and service income	-	35,487	-	29,149	Sales of goods: Closed to the net selling price that is sold to major customers Service income: Closed to the market price
Rental income	225	225	225	225	Fixed fee per month
Dividend income	-	-	4,900	-	As approved by shareholders' meeting
Commission expenses	4,578	8,476	-	193	Not over 2% of sales
Car rental expenses	324	-	-	-	Contract price
<u>Transactions with related parties</u>					
Building rental expenses	2,231	-	-	-	Contract price that closed to the market price

As at 31 December 2013 and 31 March 2013, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2013	31 March 2013	31 December 2013	31 March 2013
<u>Trade receivables - related parties (Note 6)</u>				
Subsidiaries	-	-	26,725	45,594
Total trade receivables - related parties	-	-	26,725	45,594
<u>Trade and other payables - related parties (Note 13)</u>				
Subsidiaries	-	-	12	450
Associated company	1,759	3,145	-	-
Total trade and other payables - related parties	1,759	3,145	12	450



Directors and management's benefits

For the three-month and nine-month periods ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	7,946	7,805	4,576	5,188
Increase in post-employment benefits	2,003	39	1,992	39
Total	9,949	7,844	6,568	5,227

(Unit: Thousand Baht)

	For the nine-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	25,332	21,715	13,901	13,990
Increase (decrease) in post-employment benefits	1,314	279	2,804	(20)
Total	26,646	21,994	16,705	13,970

**4. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
Cash	125	125	55	55
Bank deposits	61,649	87,156	49,119	52,613
Total	61,774	87,281	49,174	52,668

As at 31 December 2013, bank deposits in saving accounts and fixed deposits carried interests between 0.625 and 1.45 percent per annum (31 March 2013: between 0.625 and 1.70 percent per annum).

## 5. Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2013		31 March 2013	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	-	-	70,221	70,513
Total trading securities	-	-	70,221	70,513
Add: Changes in fair value	-		292	
Total trading securities	-		70,513	
<u>Available-for-sale securities</u>				
Investment units in property fund	3,185	2,780	3,185	3,210
Total available-for-sale securities	3,185	2,780	3,185	3,210
Add: Changes in fair value	(405)		25	
Total available-for-sale securities	2,780		3,210	
<u>Investments in debt securities, due within one year</u>				
Debentures (Note 10)	5,000		-	

## 6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2013	31 March 2013	31 December 2013	31 March 2013
<u>Trade receivables - related parties</u> (Note 3)				
Aged on the basis of due dates				
Not yet due	-	-	18,444	34,653
Past due				
Up to 3 months	-	-	8,281	10,941
Total trade receivables - related parties	-	-	26,725	45,594

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 March 2013	31 December 2013	31 March 2013
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	515,430	652,003	259,731	309,109
Past due				
Up to 3 months	261,661	203,213	139,172	103,707
3 - 6 months	150	-	-	-
Over 12 months	23,407	25,947	17,426	17,426
Total	800,648	881,163	416,329	430,242
Less: Allowance for doubtful accounts	(23,437)	(25,947)	(17,426)	(17,426)
Total trade receivables - unrelated parties, net	777,211	855,216	398,903	412,816
Total trade receivable - net	777,211	855,216	425,628	458,410
<u>Other receivables</u>				
Other receivables	28	67	28	45
Interest receivables	157	110	-	-
Total other receivables	185	177	28	45
Trade and other receivables - net	777,396	855,393	425,656	458,455

## 7. Restricted bank deposits

As at 31 December 2013, the Company and its subsidiary have deposits at bank of Baht 46 million (31 March 2013: Baht 46 million) which are pledged with the banks to secure credit facilities as described in Note 19.5 to the financial statements.

## 8. Investments in subsidiaries

### 8.1 Details of subsidiaries

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost method	
	31 December 2013	31 March 2013	31 December 2013	31 March 2013	31 December 2013	31 March 2013
	(Million Baht)	(Million Baht)	(%)	(%)		
Auto Metal Co., Ltd.	240	240	60	60	144,000	144,000
Alternative Stainless Co., Ltd.	1	1	100	100	999	999
Ngeck Seng Chiang Metal Co., Ltd.	230	230	100	100	258,238	258,238
Total					403,237	403,237

**8.2 Dividend income**

(Unit: Thousand Baht)

For the nine-month

periods ended 31 December

Company's name	2013	2012
Auto Metal Co., Ltd.	26,640	7,718

On 19 June 2013, the Annual General Meeting of the shareholders of Auto Metal Co., Ltd. passed a resolution to approve the payment of a dividend of Baht 18.50 per share from the operating results of the year ended 31 March 2013. The dividend was paid on 27 June 2013.

**9. Investment in associated company****9.1 Details of associate**

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Separate financial statements		Consolidated financial statements	
					Cost method		Carrying amount based on equity method	
			31 December 2013	31 March 2013	31 December 2013	31 March 2013	31 December 2013	31 March 2013
			(%)	(%)				
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	7,225	11,251

**9.2 Share of profit and dividend received**

(Unit: Thousand Baht)

for the three-month periods ended 31 December

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investments in associates		Dividend received	
	2013	2012	2013	2012
Mory Lohakit (Thailand) Co., Ltd.	214	492	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	For the nine-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	Share of profit from		Dividend received	
	investments in associates			
	2013	2012	2013	2012
Mory Lohakit (Thailand) Co., Ltd.	874	1,699	4,900	-

On 19 June 2013, the Annual General Meeting of the shareholders of Mory Lohakit (Thailand) Co., Ltd. passed a resolution to approve the payment of a dividend of Baht 100.00 per share from the operating results of the year ended 31 March 2013. The dividend was paid on 27 June 2013.

### 9.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the		Profit	
	as at		as at		as at		nine-month periods		for the nine-month	
							ended		periods ended	
	31 December	31 March	31 December	31 March	31 December	31 March	31 December		31 December	
	2013	2013	2013	2013	2013	2013	2013	2012	2013	2012
Mory Lohakit (Thailand)										
Co., Ltd.	10,000	10,000	15,056	23,663	311	705	4,998	8,293	1,748	3,466

## 10. Other long-term investments

As at 31 March 2013, a subsidiary had long-term investments of Baht 5 million in the 5-year debentures of a bank in Thailand, bearing interest at a rate of 4.9% per annum and maturing on 12 November 2014.

## 11. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 31 December 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 April 2013</b>	447,901	152,436
Acquisitions during period - at cost	145,218	108,212
Disposal during period - net book value	(2)	-
Depreciation for the period	(59,784)	(16,444)
<b>Net book value as at 31 December 2013</b>	<u>533,333</u>	<u>244,204</u>

As at 31 December 2013, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 17.4 million (31 March 2013: Baht 12.9 million) (Separate financial statements: Baht 13.1 million (31 March 2013: Baht 6.7 million)).

The Company and a subsidiary have mortgaged all of their land with structures thereon and pledged machineries with banks, and another subsidiary has mortgaged unit of condominium with bank, to secure loans and other credit facilities granted to the Company and its subsidiaries by the banks as described in Note 19.5 to the financial statements.

The book value of machineries of the Company and a subsidiary placed as collaterals are summarised below:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 March 2013	31 December 2013	31 March 2013
Cost	306	306	197	197
Net book value	24	31	-	-

**12. Short-term loans from financial institutions**

(Unit: Thousand Baht)						
	Interest rate (%)		Consolidated		Separate	
			financial statements		financial statements	
	31 December	31 March	31 December	31 March	31 December	31 March
	2013	2013	2013	2013	2013	2013
Short-term loans from						
banks	4.00 - 4.45	4.25 - 4.60	138,000	215,000	25,000	10,000
Trust receipts	2.00 - 4.50	1.90 - 5.35	186,258	254,896	127,792	132,800
			324,258	469,896	152,792	142,800

Short-term loans from banks represent promissory notes maturing within 1 month.

Bank overdrafts, short-term loans and trust receipts facilities are secured by the Company and its subsidiaries' land with structures thereon, unit of condominium, machineries and fixed deposit accounts and guarantees provided by the Company as described in Note 19.5 to the financial statements.

**13. Trade and other payables**

		(Unit: Thousand Baht)			
		Consolidated financial		Separate financial	
		statements		statements	
		31 December	31 March	31 December	31 March
		2013	2013	2013	2013
Trade payables - unrelated parties		478,200	501,243	366,955	345,478
Trade payables - related parties (Note 3)		-	-	-	425
Other payables - unrelated parties		29,202	24,263	16,876	8,756
Other payables - related parties (Note 3)		1,759	3,145	12	25
Accrued commission expenses - unrelated parties		114	273	101	250
Accrued expenses		15,645	2,575	7,340	965
Total trade and other payables		524,920	531,499	391,284	355,899

**14. Income tax**

Interim corporate income tax of the Company and its subsidiaries were calculated on net income for the period multiply with the estimated average annual effective income tax rate.

Corporate income tax of a subsidiary which operates the promoted operations (as described in Note 15 to the financial statements) were calculated on net income of the subsidiary from non-promoted activities multiply with the estimated average annual effective income tax rate.

Income tax expenses for the three-month and nine-month periods ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)				
For the three-month periods ended 31 December				
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	8,698	6,715	6,611	6,715
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	1,117	(1,154)	(1,526)	(887)
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>9,815</b>	<b>5,561</b>	<b>5,085</b>	<b>5,828</b>
(Unit: Thousand Baht)				
For the nine-month periods ended 31 December				
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	27,052	18,488	17,220	18,488
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	5,630	(1,894)	(1,259)	(1,612)
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>32,682</b>	<b>16,594</b>	<b>15,961</b>	<b>16,876</b>



## 15. Promotional Privileges

The Company has received promotional privileges from the Board of Investment for the shearing and converting of flat metal, pursuant to the promotion certificate No. 3007/Wo./2550 issued on 25 May 2007. Subject to certain imposed conditions, the privileges include an exemption from import duty on articles and essential raw materials imported for use in manufacturing for export sales and an exemption from import duty on items imported for re-export, for a period of one year commencing as from the first importation date.

A subsidiary has received promotional privileges from the Board of Investment for the manufacture of stainless steel tubes, pursuant to the promotion certificate No. 1407(2)/2548 issued on 23 March 2005. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 7 years from the date the promoted activity commenced generating revenues, and any losses incurred during the corporate income tax exemption period may be carried forward to be utilised by the subsidiary as a deduction against net income of future years, for up to 5 years after the expiry of the tax exemption period. In addition, the privileges include an exemption from income tax on dividends received from promoted operations which have been granted corporate income tax exemption, throughout the period for which the tax exemption privilege is granted.

The Company's sales and service income for the nine-month periods ended 31 December 2013 and 2012 are below shown divided according to promoted and non-promoted operations.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	2013	2012	2013	2012	2013	2012
Sales and service income	140,093	726,312	463,282*	378	603,375	726,690

\*Promotional privileges from the Board of Investment of the subsidiary ended in June 2013, therefore subsequent sales and service income are the income from non-promoted operations.

## 16. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

## 17. Segment information

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 to the segment and assess its performance. The chief operating decision maker has been identified as Managing Director.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and operate 2 segments comprising (1) production and distribution and (2) procurement and distribution. The Company and its subsidiaries carry on operations in the main geographic area in Thailand with gained revenue from export sales and domestic sales.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Inter-segment revenues are eliminated on consolidation.

Financial information by segment of the Company and its subsidiaries for the three-month and nine-month periods ended 31 December 2013 and 2012 is as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 December					
	Production and distribution		Procurement and distribution		Consolidated	
	2013	2012	2013	2012	2013	2012
Revenue from:						
Sales and services	629	734	192	-	821	734
Segment profit	72	95	19	-	91	95
Operating profit	45	62	9	-	54	62

(Unit: Million Baht)

For the nine-month periods ended 31 December						
	Production and distribution		Procurement and distribution		Consolidated	
	2013	2012	2013	2012	2013	2012
Revenue from:						
Sales and services	1,904	2,028	624	-	2,528	2,028
Segment profit	224	244	66	-	290	244
Operating profit	149	167	35	-	184	167

Transfer price between operating segments are set out in Note 3 to the financial statements.

The following table presents segment assets and liabilities of the Company and its subsidiaries' operating segment as at 31 December 2013 and 31 March 2013.

(Unit: Million Baht)

	Production and distribution		Procurement and distribution		Consolidated	
	31 December	31 March	31 December	31 March	31 December	31 March
	2013	2013	2013	2013	2013	2013
Segment assets	1,902	1,945	421	515	2,323	2,460
Segment liabilities	777	831	131	241	908	1,072

## 18. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend Per share (Baht)	Payment date
Final dividends for 2013	Annual General Meeting of the shareholders on 26 July 2013	45.96	0.12	9 August 2013
Interim dividends for 2014	The Board of directors Meeting on 13 November 2013	45.96	0.12	12 December 2013
Total dividends for period 2014		91.92	0.24	

(Unaudited but reviewed)

Dividends	Approved by	Total dividends (Million Baht)	Dividend Per share (Baht)	Payment date
Final dividends for 2012	Annual General Meeting of the shareholders on 26 July 2012	44.80	0.14	10 August 2012
Interim dividends for 2013	The Board of directors Meeting on 14 November 2012	32.00	0.10	13 December 2012
Total dividends for period 2013		<u>76.80</u>	<u>0.24</u>	

## 19. Commitments and contingent liabilities

### 19.1 Capital commitments

As at 31 December 2013, the Company had capital commitments of Baht 55 million in respect of the constructions of a factory and purchases of a machinery (31 March 2013: Nil).

### 19.2 Operating lease commitments

The Company and its subsidiaries have entered into lease agreements in respect of the office building space, building and vehicles. The terms of the agreements are generally 1 - 20 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	31 December 2013	31 March 2013
Payable:		
In up to 1 year	4.9	3.7
In over 1 and up to 5 years	5.6	0.8
In over 5 years	1.6	1.8

### **19.3 Other service commitments**

As at 31 December 2013, the Company and a subsidiary had commitments of approximately Baht 2.3 million relating to a technical assistance agreement and other service agreements (31 March 2013: Baht 5.9 million).

### **19.4 Guarantees**

The Company has guaranteed bank credit facilities of one subsidiary amounting to Baht 320 million (31 March 2013: Nil).

### **19.5 Credit facilities**

As at 31 December 2013, the Company and its subsidiary have been granted credit facilities by various financial institutions for which it has placed collaterals, as follows:-

#### **The Company**

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 1,461 million, of which totaling Baht 230 million (31 March 2013: Baht 250 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machineries.
- Overdraft facilities of Baht 30 million have not yet been utilised (31 March 2013: Nil). These credit facilities are secured by the mortgage of the Company's land with structures thereon, machineries and the fixed deposits.
- Forward foreign exchange contract facilities of Baht 1,000 million, of which Baht 7 million (31 March 2013: Baht 29 million) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machineries.

#### **A subsidiary**

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 300 million, of which Baht 114 million (31 March 2013: Baht 143 million) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machineries.
- Overdraft facilities of Baht 10 million have not yet been utilised (31 March 2013: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon.

- Forward foreign exchange contract facilities of Baht 200 million, of which Baht 2 million (31 March 2013: Nil) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machineries.

### **Another subsidiary**

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 506 million, of which Baht 96 million (31 March 2013: Baht 213 million) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's unit of condominium which be the subsidiary's office, fixed deposit accounts and a guarantee provided the Company.
- Overdraft facilities of Baht 60 million have not yet been utilised (31 March 2013: Nil). These credit facilities are secured by fixed deposit accounts and a guarantee provided by the Company.
- Forward foreign exchange contract facilities, comprising USD 11.7 million (equivalent to Baht 386 million) and Baht 6 million, or a total approximately Baht 392 million, of which USD 0.1 million (equivalent to Baht 3 million) (31 March 2013: Nil) of utilised amount are outstanding. These credit facilities are secured by fixed deposit accounts and a guarantee provided by the Company.

## **20. Forward foreign exchange contract**

The Company and its subsidiaries have significant balances of financial assets and liabilities denominated in foreign currencies as summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	31 December	31 March	31 December	31 March	31 December	31 March
	2013	2013	2013	2013	2013	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.1	0.2	3.0	5.9	32.77	29.31
Japanese Yen	0.5	1.6	-	37.6	0.3092	0.3115

The Company and its subsidiaries have outstanding balance of forward foreign exchange contracts which to reduce the exchange rate risk advising from its financial liabilities dominated in foreign currency, which mature within one year. The details are summarised below.

(Unaudited but reviewed)

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<b><u>As at 31 December 2013</u></b>				
US Dollar	0.4	-	31.28 - 32.88	-
<b><u>As at 31 March 2013</u></b>				
US Dollar	1.0	-	29.31 - 29.33	-

## **21. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 12 February 2014.