

## Lohakit Metal Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 March 2014

#### 1. General information

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

#### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Lohakit Metal Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

| Company's name                        | Nature of business                                       | Country of incorporation | Percentage of shareholding |                   |
|---------------------------------------|--|--------------------------|----------------------------|-------------------|
|                                       |  |                          | 2014<br>(Percent)          | 2013<br>(Percent) |
| Auto Metal Company Limited            | Production, smelting and assembly for all types of metal | Thailand                 | 60                         | 60                |
| Alternative Stainless Company Limited | Distribution of metal products                           | Thailand                 | 100                        | 100               |

| Company's name                          | Nature of business   | Country of incorporation | Percentage of shareholding |                   |
|---|--|--------------------------|----------------------------|-------------------|
|   |  |                          | 2014<br>(Percent)          | 2013<br>(Percent) |
| Ngeck Seng Chiang Metal Company Limited | Distribution of stainless steel, aluminum, brass, copper, zinc and galvanized steel products | Thailand                 | 100                        | 100               |

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 On 21 January 2013, the Extraordinary Shareholders' Meeting No. 1/2013 of the Company passed resolutions to:

- Acquire ordinary shares of Ngeck Seng Chiang Metal Company Limited ("NSCM") of 2.3 million ordinary shares at Baht 107.37 per share, totaling Baht 246.96 million. As a result of the share acquisition, the Company hold 99.99 percent of ordinary shares of NSCM.
- Increase its share capital from Baht 320 million (320 million ordinary shares with a par value of Baht 1 each) to Baht 383 million (383 million ordinary shares with a par value of Baht 1 each) by issuing 63 million ordinary shares of Baht 1 each through private placement. The Company allocated 63 million of ordinary shares to NSCM's former shareholders for payment of the investment in ordinary shares of NSCM.

The Company and NSCM had completed the above transactions on 31 January 2013 and the Company registered the increase of paid up share capital on 1 February 2013.

Fair value amount of the assets acquired and the liabilities of NSCM as at the acquisition date are as follows:

|  | (Restated)            |
|--|-----------------------|
|  | (Unit: Thousand Baht) |
| Cash and cash equivalents  | 45,497                |
| Current investments  | 82,221                |
| Trade and other receivables  | 195,524               |
| Inventories  | 146,848               |
| Restricted bank deposits   | 41,000                |
| Long-term investment   | 3,185                 |
| Other long-term investment   | 5,000                 |
| Property, plant and equipment  | 51,320                |
| Deferred tax assets  | 4,903                 |
| Intangible assets  | 286                   |
| Short-term loans from financial institutions                         | (210,591)             |
| Trade and other payables   | (42,363)              |
| Other assets (other liabilities) - net                               | (56,330)              |
| Net assets from acquisition of subsidiary company                    | <u>266,500</u>        |
| Fair value of common share of the Company<br>as of the exchange date | <u>252,000</u>        |
| Gain from purchase of investment                                     | <u>14,500</u>         |

The total cost of acquisition of Baht 6 million was recorded as expense under the caption of "Administrative expenses" in the consolidated statements of comprehensive income for the year ended 31 March 2013.

Revenue and profit for the period as from 1 February 2013 to 31 March 2013 of Ngeck Seng Chiang Metal Company Limited which included in the consolidated statements of comprehensive income is Baht 133 million and Baht 6 million, respectively.

- 2.4 The separate financial statements, which present investments in subsidiaries and associate presented under the cost method, have been prepared solely for the benefit of the public.

### 3. New accounting standards

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

**(a) Accounting standards that became effective in the current accounting year**

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 standard, 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 year 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 4 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        |

|   |   | <u>Effective date</u> |
|---|---|-----------------------|
| 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<br>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 36 (revised 2012)                         | Impairment of Assets  | 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<br>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<br>Transactions Involving the Legal<br>Form of a Lease                            | 1 January 2014        |
| TSIC 29                                       | Service Concession Arrangements:<br>Disclosures   | 1 January 2014        |
| TSIC 32                                       | Intangible Assets - Web Site Costs  | 1 January 2014        |
| Financial Reporting Standard Interpretations: |   |                       |
| TFRIC 1                                       | Changes in Existing<br>Decommissioning, Restoration<br>and Similar Liabilities                                | 1 January 2014        |
| TFRIC 4                                       | Determining whether an<br>Arrangement contains a Lease  | 1 January 2014        |
| TFRIC 5                                       | Rights to Interests arising from<br>Decommissioning, Restoration<br>and Environmental Rehabilitation<br>Funds | 1 January 2014        |

|          |  | <u>Effective date</u> |
|----------|--|-----------------------|
| 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 Company's management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

#### 4. Cumulative effect of changes in accounting policy due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 *Income Taxes*. The cumulative effect of the changes in the accounting policy 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 March<br>2014                  | 31 March<br>2013 | 1 April<br>2012 | 31 March<br>2014              | 31 March<br>2013 | 1 April<br>2012 |
| <b>Statements of financial position</b>      |                                   |                  |                 |                               |                  |                 |
| Increase in deferred tax assets              | 21,805                            | 26,985           | 18,384          | 13,424                        | 10,442           | 7,175           |
| Increase in unappropriated retained earnings | 21,805                            | 26,985           | 18,384          | 13,424                        | 10,442           | 7,175           |

(Unit: Thousand Baht)

|  | For the year ended 31 March |         |                    |         |
|--|-----------------------------|---------|--------------------|---------|
|  | Consolidated financial      |         | Separate financial |         |
|  | statements                  |         | statements         |         |
|  | 2014                        | 2013    | 2014               | 2013    |
| <b>Statements of comprehensive income</b>              |                             |         |                    |         |
| <b>Profit or loss:</b>                                 |                             |         |                    |         |
| Increase in gain from purchase of investment           | -                           | 4,903   | -                  | -       |
| Increase (decrease) in income tax expenses             | 5,180                       | (3,698) | (2,982)            | (3,267) |
| Increase (decrease) in profit attributable to equity   |                             |         |                    |         |
| holders of the Company                                 | (2,490)                     | 8,699   | 2,982              | 3,267   |
| Increase (decrease) in basic earnings per share (Baht) | (0.01)                      | 0.03    | 0.01               | 0.01    |

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### 5.2 Cash and cash equivalents

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

### **5.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **5.4 Inventories**

Finished goods and work in process are valued at the lower of cost (weighted average basis) and net realisable value. Cost includes all production costs and attributable factory overheads. Cost of purchased finished goods consists of purchase cost and related direct expenses less discounts and sale rebate.

Raw materials and supplies are valued at the lower of cost (weighted average basis) and net realisable value and are charged to production costs whenever consumed.

Allowance for stock obsolescence is made for damaged, slow-moving and obsolete stock.

### **5.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, which expected to be held to maturity, are recorded at amortised cost.
- d) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of unit trusts is determined from their net asset value. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association

The weighted average method is used for computation of the cost of investments.

## 5.6 Property, plant, equipment/Depreciation

Land is stated at cost, buildings and equipment are stated at cost less accumulated depreciation, and less allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment are calculated by reference to their costs on a straight-line basis over the following estimated useful lives.

|   |   |          |       |
|---|---|----------|-------|
| Buildings, fixture and building improvement | - | 20 and 5 | years |
| Machinery and equipment                     | - | 5 and 10 | years |
| Furniture and office equipment              | - | 5        | years |
| Motor vehicles                              | - | 5        | years |

Depreciation is included in determining income.

No depreciation is provided on land, land improvement and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## 5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 5.8 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss. The Company and its subsidiaries have computer software amortised over the economic useful life of 5 years.

## **5.9 Related party transactions**

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 companies 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 direction of the Company's operations.

## **5.10 Long-term leases**

Leases of property, plant, equipment or motor vehicles which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant, equipment or motor vehicles which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## **5.11 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's and subsidiaries' functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

## 5.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

## 5.13 Employee benefits

### ***Short-term employee benefits***

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

### ***Post-employment benefits***

#### *Defined contribution plans*

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

#### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

## **5.14 Provisions**

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

## **5.15 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 and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they 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 and its subsidiaries 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 and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **6. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance for diminution in value of inventories**

In determining an allowance for diminution in value of inventories, the management needs to make judgment in estimating the loss that will be incurred on the sale of the inventories, taking into account net realisable value, aging profile of outstanding inventories and the stock conditions, among other factors.

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's and its subsidiaries' plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### **Impairment of securities investments**

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

### **Impairment of investments in subsidiaries and associates**

The Company treats investments in subsidiaries and associates as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 7. Related party transactions

During the years, 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 years ended 31 March |                      |                      |                      | Transfer Pricing Policy   |
|--|------------------------------|----------------------|----------------------|----------------------|---|
|  | Consolidated                 |                      | Separate             |                      |   |
|  | financial statements         | financial statements | financial statements | financial statements |   |
|  | 2014                         | 2013                 | 2014                 | 2013                 |   |
| <u>Transactions with subsidiaries</u>                  |                              |                      |                      |                      |   |
| (Eliminate from the consolidated financial statements) |                              |                      |                      |                      |   |
| Sales of goods and service income                      | -                            | -                    | 180,507              | 232,083              | Sale of goods:<br>Market price less discount 2%, and cost plus a margin at rate of 5%   |
| Service income   | -                            | -                    | 4,800                | 4,800                | Service income:<br>Closed to the market price<br>Accordingance with the negotiation fee   |
| Dividend income  | -                            | -                    | 26,640               | 7,718                | As approved by shareholders' meeting  |
| Purchases of goods                                     | -                            | -                    | 2,712                | 397                  | Market price  |
| Purchase of land                                       | -                            | -                    | 20,163               | -                    | Accordance with the negotiation price   |
| Commission expenses                                    | -                            | -                    | 71                   | 13                   | Not over 2% of sales  |
| <u>Transactions with related companies</u>             |                              |                      |                      |                      |   |
| Sales of goods and service income                      | -                            | 38,726               | -                    | 32,081               | Sales of goods:<br>Closed to the net selling price that is sold to major customers<br>Service income:<br>Closed to the market price |
| Rental income  | 300                          | 300                  | 300                  | 300                  | Fixed fee per month   |
| Dividend income  | -                            | -                    | 4,900                | -                    | As approved by shareholders' meeting  |
| Commission   | 6,010                        | 11,069               | -                    | 196                  | Not over 2% of sales  |
| Vehicle rental expenses                                | 432                          | 72                   | -                    | -                    | Contract price  |
| <u>Transactions with related parties</u>               |                              |                      |                      |                      |   |
| Building rental expenses                               | 2,975                        | 496                  | -                    | -                    | Contract price that closed to the market price  |

As at 31 March 2014 and 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 |             |
|  | <u>2014</u>           | <u>2013</u> | <u>2014</u>          | <u>2013</u> |
| <b><u>Trade receivables - related parties (Note 10)</u></b>        |                       |             |                      |             |
| Subsidiaries   | -                     | -           | 34,737               | 45,594      |
| <b><u>Trade and other payables - related parties (Note 19)</u></b> |                       |             |                      |             |
| Associated company   | 1,717                 | 3,145       | -                    | -           |
| Subsidiary   | -                     | -           | -                    | 450         |
| Total trade and other payables - related parties                   | 1,717                 | 3,145       | -                    | 450         |

#### Directors and management's benefits

For the years ended 31 March 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

|                              | (Unit: Thousand Baht) |             |                      |             |
|------------------------------|-----------------------|-------------|----------------------|-------------|
|                              | Consolidated          |             | Separate             |             |
|                              | financial statements  |             | financial statements |             |
|                              | <u>2014</u>           | <u>2013</u> | <u>2014</u>          | <u>2013</u> |
| Short-term employee benefits | 41,402                | 38,640      | 23,209               | 23,449      |
| Post-employment benefits     | 1,674                 | 823         | 2,953                | 375         |
| Total                        | 43,076                | 39,463      | 26,162               | 23,824      |

#### **8. Cash and cash equivalents**

|               | (Unit: Thousand Baht) |             |                      |             |
|---------------|-----------------------|-------------|----------------------|-------------|
|               | Consolidated          |             | Separate             |             |
|               | financial statements  |             | financial statements |             |
|               | <u>2014</u>           | <u>2013</u> | <u>2014</u>          | <u>2013</u> |
| Cash          | 125                   | 125         | 55                   | 55          |
| Bank deposits | 63,816                | 87,156      | 33,560               | 52,613      |
| Total         | 63,941                | 87,281      | 33,615               | 52,668      |

As at 31 March 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.38 and 1.70 percent per annum (2013: between 0.63 and 1.95 percent per annum).

## 9. Current investments

(Unit: Thousand Baht)

|  | Consolidated financial statements |            |        |            |
|--|-----------------------------------|------------|--------|------------|
|  | 2014                              |            | 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>Investments in debt securities, due within one year</u> |                                   |            |        |            |
| Debentures (Note 15)                                       | 5,000                             | -          | -      | -          |
| Total  | 5,000                             | -          | 70,513 | -          |

## 10. Trade and other receivables

(Unit: Thousand Baht)

|   | Consolidated         |          | Separate             |          |
|---|----------------------|----------|----------------------|----------|
|   | financial statements |          | financial statements |          |
|   | 2014                 | 2013     | 2014                 | 2013     |
| <u>Trade receivables - related parties (Note 7)</u> |                      |          |                      |          |
| Aged on the basis of due dates                      |                      |          |                      |          |
| Not yet due   | -                    | -        | 26,539               | 34,653   |
| Past due  |                      |          |                      |          |
| Up to 3 months                                      | -                    | -        | 8,198                | 10,941   |
| Total trade receivables - related parties           | -                    | -        | 34,737               | 45,594   |
| <u>Trade receivables - unrelated parties</u>        |                      |          |                      |          |
| Aged on the basis of due dates                      |                      |          |                      |          |
| Not yet due   | 577,498              | 652,003  | 308,941              | 309,109  |
| Past due  |                      |          |                      |          |
| Not over 3 months                                   | 180,181              | 203,213  | 99,493               | 103,707  |
| Over 3 months but less than 12 months               | 150                  | -        | -                    | -        |
| Over 12 months                                      | 22,214               | 25,947   | 17,426               | 17,426   |
| Total   | 780,043              | 881,163  | 425,860              | 430,242  |
| Less: Allowance for doubtful accounts               | (22,289)             | (25,947) | (17,426)             | (17,426) |
| Total trade receivables - unrelated parties, net    | 757,754              | 855,216  | 408,434              | 412,816  |
| Total trade receivables - net                       | 757,754              | 855,216  | 443,171              | 458,410  |
| <u>Other receivables</u>                            |                      |          |                      |          |
| Other receivables                                   | 340                  | 67       | 107                  | 45       |
| Interest receivables                                | 99                   | 110      | -                    | -        |
| Total other receivables                             | 439                  | 177      | 107                  | 45       |
| Total trade and other receivables - net             | 758,193              | 855,393  | 443,278              | 458,455  |

## 11. Inventories

(Unit: Thousand Baht)

|                  | Consolidated financial statements |                |  |                 |                   |                |
|------------------|-----------------------------------|----------------|--|-----------------|-------------------|----------------|
|                  | Cost                              |                | Reduce cost to net<br>realisable value |                 | Inventories - net |                |
|                  | <u>2014</u>                       | <u>2013</u>    | <u>2014</u>                            | <u>2013</u>     | <u>2014</u>       | <u>2013</u>    |
| Finished goods   | 476,257                           | 454,077        | (60,449)                               | (46,032)        | 415,808           | 408,045        |
| Raw materials    | 394,366                           | 422,427        | (3,386)                                | (5,819)         | 390,980           | 416,608        |
| Supplies         | 9,065                             | 7,632          | -                                      | -               | 9,065             | 7,632          |
| Goods in transit | 15,802                            | 63,749         | -                                      | -               | 15,802            | 63,749         |
| <b>Total</b>     | <b>895,490</b>                    | <b>947,885</b> | <b>(63,835)</b>                        | <b>(51,851)</b> | <b>831,655</b>    | <b>896,034</b> |

(Unit: Thousand Baht)

|                  | Separate financial statements |                |  |                 |                   |                |
|------------------|-------------------------------|----------------|--|-----------------|-------------------|----------------|
|                  | Cost                          |                | Reduce cost to net<br>realisable value |                 | Inventories - net |                |
|                  | <u>2014</u>                   | <u>2013</u>    | <u>2014</u>                            | <u>2013</u>     | <u>2014</u>       | <u>2013</u>    |
| Finished goods   | 230,267                       | 222,208        | (47,840)                               | (34,251)        | 182,427           | 187,957        |
| Raw materials    | 300,386                       | 282,764        | (3,386)                                | (5,819)         | 297,000           | 276,945        |
| Supplies         | 6,200                         | 6,174          | -                                      | -               | 6,200             | 6,174          |
| Goods in transit | 13,205                        | 47,020         | -                                      | -               | 13,205            | 47,020         |
| <b>Total</b>     | <b>550,058</b>                | <b>558,166</b> | <b>(51,226)</b>                        | <b>(40,070)</b> | <b>498,832</b>    | <b>518,096</b> |

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 12 million (2013: Baht 25 million) (Separate financial statements: Baht 11 million (2013: Baht 16 million)), to reflect the net realisable value. This was presented as cost of sales.

## 12. Restricted bank deposits

As at 31 March 2014, the Company and its subsidiary have deposits with banks of Baht 46 million (2013: Baht 46 million) which are pledged with the banks to secure credit facilities as described in Note 31.5 to the financial statements.

## 13. Investments in subsidiaries

### 13.1 Details of subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

| Company's name                          | Paid-up capital               |                               | Shareholding percentage |                    | Cost method    |                |
|---|-------------------------------|-------------------------------|-------------------------|--------------------|----------------|----------------|
|   | <u>2014</u><br>(Million Baht) | <u>2013</u><br>(Million Baht) | <u>2014</u><br>(%)      | <u>2013</u><br>(%) | <u>2014</u>    | <u>2013</u>    |
| Auto Metal Company Limited              | 240                           | 240                           | 60                      | 60                 | 144,000        | 144,000        |
| Alternative Stainless Company Limited   | 1                             | 1                             | 100                     | 100                | 999            | 999            |
| Ngeck Seng Chiang Metal Company Limited | 230                           | 230                           | 100                     | 100                | 258,238        | 258,238        |
| Total                                   |                               |                               |                         |                    | <u>403,237</u> | <u>403,237</u> |

### 13.2 Dividend income

(Unit: Thousand Baht)

| Company's name             | For the year ended 31 March |              |
|----------------------------|-----------------------------|--------------|
|                            | <u>2014</u>                 | <u>2013</u>  |
| Auto Metal Company Limited | <u>26,640</u>               | <u>7,718</u> |

On 19 June 2013, the Annual General Meeting of the shareholders of Auto Metal Company Limited 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.

### 13.3 Acquisitions of subsidiary

During the year 2013, the Company purchased common shares of NSCM by increase its share capital and allocate 63 million of ordinary shares to the existing shareholders of NSCM on 31 January 2013 and the Company registered the increase of paid up share capital on 1 February 2013 as described in Note 2.3 to the financial statements.

### 13.4 Change in subsidiary

On 1 April 2014, Ngeck Seng Chiang Metal Company Limited has changed the registered name and address to be NSC Metal Company Limited and to be at 108/8 Yotha Road, Talad Noi, Samphanthawong, Bangkok.

## 14. Investments in associated company

### 14.1 Details of associate

(Unit: Thousand Baht)

| Company's name                    | Nature of business | Country of incorporation | Shareholding percentage                |      | Separate financial statements |       | Consolidated financial statements |        |
|-----------------------------------|--------------------|--------------------------|--|------|-------------------------------|-------|-----------------------------------|--------|
|                                   |                    |                          | Carrying amount based on equity method |      | Cost method                   |       |                                   |        |
|                                   |                    |                          | 2014                                   | 2013 | 2014                          | 2013  | 2014                              | 2013   |
|                                   |                    |                          | (%)                                    | (%)  |                               |       |                                   |        |
| Mory Lohakit (Thailand) Co., Ltd. | Agent              | Thailand                 | 49                                     | 49   | 4,900                         | 4,900 | 7,440                             | 11,251 |

### 14.2 Share of profit and dividend received

(Unit: Thousand Baht)

| Company's name                    | Consolidated financial statements                            |       | Separate financial statements     |      |
|-----------------------------------|--|-------|-----------------------------------|------|
|                                   | Share of profit from investment in associate during the year |       | Dividend received during the year |      |
|                                   | 2014   | 2013  | 2014                              | 2013 |
| Mory Lohakit (Thailand) Co., Ltd. | 1,089  | 2,110 | 4,900                             | -    |

On 19 June 2013, the Annual General Meeting of the shareholders of Mory Lohakit (Thailand) Company Limited 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.

### 14.3 Summarised financial information of associate

Financial informations of the associated company are summarised below.

(Unit: Million Baht)

| Company's name                    | Paid-up capital as at |      | Total assets as at |      | Total liabilities as at |      | Total revenues for the year ended |      | Profit for the year ended |      |
|-----------------------------------|-----------------------|------|--------------------|------|-------------------------|------|-----------------------------------|------|---------------------------|------|
|                                   | 31 March              |      | 31 March           |      | 31 March                |      | 31 March                          |      | 31 March                  |      |
|                                   | 2014                  | 2013 | 2014               | 2013 | 2014                    | 2013 | 2014                              | 2013 | 2014                      | 2013 |
| Mory Lohakit (Thailand) Co., Ltd. | 10                    | 10   | 16                 | 24   | -                       | 1    | 6                                 | 11   | 2                         | 4    |

## 15. Other long-term investment

(Unit: Thousand Baht)

|  | Consolidated financial statements |            |       |            |
|--|-----------------------------------|------------|-------|------------|
|  | 2014                              |            | 2013  |            |
|  | Cost                              | Fair value | Cost  | Fair value |
| <b>Long-term investment</b>  |                                   |            |       |            |
| <u>Available-for-sale securities</u>   |                                   |            |       |            |
| Investment units in property fund  | 3,185                             | 3,008      | 3,185 | 3,210      |
| Total available-for-sale securities  | 3,185                             | 3,008      | 3,185 | 3,210      |
| Add: Changes in fair value   | (177)                             |            | 25    |            |
| Total available-for-sale securities  | 3,008                             |            | 3,210 |            |
| <b>Other long-term investment</b>  |                                   |            |       |            |
| Debenture of a Thai bank (5-year,<br>interest rate of 4.90% per annum<br>and maturing on 12 November 2014) | -                                 |            | 5,000 |            |

## 16. Property, plant and equipment

(Unit: Thousand Baht)

|  | Consolidated financial statements |           |           |            |           |              |           |
|--|-----------------------------------|-----------|-----------|------------|-----------|--------------|-----------|
|  | Land and                          | Buildings | Machinery | Furniture  | Motor     | Assets under | Total     |
|  | land                              | and       | and       | and office | Vehicles  | installation |           |
| improvement                                  | fixture                           | equipment | equipment |            | and under | construction |           |
| <b>Cost</b>                                  |                                   |           |           |            |           |              |           |
| 1 April 2012                                 | 101,003                           | 185,983   | 593,204   | 15,774     | 63,443    | 2,798        | 962,205   |
| Acquisitions                                 | -                                 | -         | 21,219    | 924        | 11,788    | 84,918       | 118,849   |
| Disposals                                    | -                                 | -         | (6,593)   | (3,235)    | (11,209)  | -            | (21,037)  |
| Transfer in (out)                            | -                                 | -         | 55,718    | -          | -         | (55,718)     | -         |
| Acquisition of subsidiary<br>during the year | 39,443                            | 18,770    | 2,468     | 4,666      | 8,692     | -            | 74,039    |
| 31 March 2013                                | 140,446                           | 204,753   | 666,016   | 18,129     | 72,714    | 31,998       | 1,134,056 |
| Acquisitions                                 | -                                 | 1,324     | 6,313     | 1,430      | 21,396    | 151,436      | 181,899   |
| Disposals                                    | -                                 | -         | (45)      | -          | (8,156)   | -            | (8,201)   |
| Transfer in (out)                            | -                                 | 39,706    | 55,903    | -          | -         | (95,609)     | -         |
| 31 March 2014                                | 140,446                           | 245,783   | 728,187   | 19,559     | 85,954    | 87,825       | 1,307,754 |
| <b>Accumulated depreciation</b>              |                                   |           |           |            |           |              |           |
| 1 April 2012                                 | -                                 | 106,891   | 451,222   | 13,785     | 40,812    | -            | 612,710   |
| Depreciation for the year                    | -                                 | 8,452     | 50,038    | 759        | 7,394     | -            | 66,643    |
| Depreciation for disposals                   | -                                 | -         | (6,593)   | (3,234)    | (6,089)   | -            | (15,916)  |
| Acquisition of subsidiary<br>during the year | -                                 | 13,011    | 2,337     | 4,078      | 3,292     | -            | 22,718    |
| 31 March 2013                                | -                                 | 128,354   | 497,004   | 15,388     | 45,409    | -            | 686,155   |

(Unit: Thousand Baht)

## Consolidated financial statements

|   | Land and<br>land<br>improvement | Buildings<br>and<br>fixture | Machinery<br>and<br>equipment | Furniture<br>and office<br>equipment | Motor<br>Vehicles | Assets under<br>installation<br>and under<br>construction | Total   |
|---|---------------------------------|-----------------------------|-------------------------------|--------------------------------------|-------------------|---|---------|
| Depreciation for the year   | -                               | 9,508                       | 60,351                        | 1,110                                | 9,820             | -   | 80,789  |
| Depreciation for disposals  | -                               | -                           | (45)                          | -                                    | (8,151)           | -   | (8,196) |
| 31 March 2014   | -                               | 137,862                     | 557,310                       | 16,498                               | 47,078            | -   | 758,748 |
| <b>Net book value</b>   |                                 |                             |                               |                                      |                   |   |         |
| 31 March 2013   | 140,446                         | 76,399                      | 169,012                       | 2,741                                | 27,305            | 31,998  | 447,901 |
| 31 March 2014   | 140,446                         | 107,921                     | 170,877                       | 3,061                                | 38,876            | 87,825  | 549,006 |
| <b>Depreciation for the year</b>  |                                 |                             |                               |                                      |                   |   |         |
| 2013 (Baht 61 million included in manufacturing cost, and the balance in selling and administrative expenses) |                                 |                             |                               |                                      |                   |   | 66,643  |
| 2014 (Baht 72 million included in manufacturing cost, and the balance in selling and administrative expenses) |                                 |                             |                               |                                      |                   |   | 80,789  |

(Unit: Thousand Baht)

## Separate financial statements

|                                 | Land and<br>land<br>improvement | Buildings<br>and<br>fixtures | Machinery<br>and<br>equipment | Furniture<br>and office<br>equipment | Motor<br>vehicles | Assets under<br>installation<br>and under<br>construction | Total    |
|---------------------------------|---------------------------------|------------------------------|-------------------------------|--------------------------------------|-------------------|---|----------|
| <b>Cost</b>                     |                                 |                              |                               |                                      |                   |   |          |
| 1 April 2012                    | 73,062                          | 107,781                      | 339,815                       | 13,398                               | 47,691            | 1,699   | 583,446  |
| Acquisitions                    | -                               | -                            | 2,455                         | 475                                  | 9,902             | 32,242  | 45,074   |
| Disposals                       | -                               | -                            | (6,438)                       | (3,235)                              | (8,718)           | -   | (18,391) |
| Transfer in (out)               | -                               | -                            | 9,129                         | -                                    | -                 | (9,129)   | -        |
| 31 March 2013                   | 73,062                          | 107,781                      | 344,961                       | 10,638                               | 48,875            | 24,812  | 610,129  |
| Acquisitions                    | 21,683                          | 6                            | 653                           | 1,135                                | 16,208            | 103,568   | 143,253  |
| Disposals                       | -                               | -                            | (44)                          | -                                    | (6,379)           | -   | (6,423)  |
| Transfer in (out)               | -                               | -                            | 41,223                        | -                                    | -                 | (41,223)  | -        |
| 31 March 2014                   | 94,745                          | 107,787                      | 386,793                       | 11,773                               | 58,704            | 87,157  | 746,959  |
| <b>Accumulated depreciation</b> |                                 |                              |                               |                                      |                   |   |          |
| 1 April 2012                    | -                               | 89,470                       | 322,963                       | 11,965                               | 32,908            | -   | 457,306  |
| Depreciation for the year       | -                               | 4,390                        | 5,641                         | 493                                  | 4,688             | -   | 15,212   |
| Depreciation for disposals      | -                               | -                            | (6,438)                       | (3,234)                              | (5,153)           | -   | (14,825) |
| 31 March 2013                   | -                               | 93,860                       | 322,166                       | 9,224                                | 32,443            | -   | 457,693  |
| Depreciation for the year       | -                               | 3,971                        | 12,253                        | 594                                  | 6,161             | -   | 22,979   |
| Depreciation for disposals      | -                               | -                            | (44)                          | -                                    | (6,379)           | -   | (6,423)  |
| 31 March 2014                   | -                               | 97,831                       | 334,375                       | 9,818                                | 32,225            | -   | 474,249  |
| <b>Net book value</b>           |                                 |                              |                               |                                      |                   |   |          |
| 31 March 2013                   | 73,062                          | 13,921                       | 22,795                        | 1,414                                | 16,432            | 24,812  | 152,436  |
| 31 March 2014                   | 94,745                          | 9,956                        | 52,418                        | 1,955                                | 26,479            | 87,157  | 272,710  |

(Unit: Thousand Baht)

| Separate financial statements   |                              |                               |                                      |                   |   |        |
|---|------------------------------|-------------------------------|--------------------------------------|-------------------|---|--------|
| Land and<br>land<br>improvement   | Buildings<br>and<br>fixtures | Machinery<br>and<br>equipment | Furniture<br>and office<br>equipment | Motor<br>vehicles | Assets under<br>installation<br>and under<br>construction | Total  |
| <b>Depreciation for the year</b>  |                              |                               |                                      |                   |   |        |
| 2013 (Baht 11 million included in manufacturing cost, and the balance in selling and administrative expenses) |                              |                               |                                      |                   |   | 15,212 |
| 2014 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses) |                              |                               |                                      |                   |   | 22,979 |

As at 31 March 2014, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 16 million (2013: Baht 13 million) (Separate financial statements: Baht 12 million (2013: Baht 7 million)).

As at 31 March 2014, the Company and a subsidiary have certain equipment items which have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 454 million (2013: Baht 425 million) (Separate financial statements: Baht 381 million, (2013: Baht 377 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 31.5 to the financial statements.

The book value of machineries of the Company and a subsidiary pledged with banks are summarised below:

|                | (Unit: Million Baht) |                      |                      |                      |
|----------------|----------------------|----------------------|----------------------|----------------------|
|                | Consolidated         |                      | Separate             |                      |
|                | financial statements | financial statements | financial statements | financial statements |
|                | <u>2014</u>          | <u>2013</u>          | <u>2014</u>          | <u>2013</u>          |
| Cost           | 306                  | 306                  | 197                  | 197                  |
| Net book value | 21                   | 31                   | -                    | -                    |

## 17. Intangible assets

The net book value of intangible assets as at 31 March 2014 and 2013 are presented below.

(Unit: Thousand Baht)

|  | Consolidated         |             | Separate             |             |
|--|----------------------|-------------|----------------------|-------------|
|  | financial statements |             | financial statements |             |
|  | <u>2014</u>          | <u>2013</u> | <u>2014</u>          | <u>2013</u> |
| Cost                                       | 14,702               | 14,208      | 11,899               | 11,899      |
| Acquisitions of subsidiary during the year | -                    | 494         | -                    | -           |
| Acquisitions during the year               | 40                   | -           | -                    | -           |
| Less: accumulated amortisation             | (14,390)             | (14,224)    | (11,867)             | (11,835)    |
| Net book value                             | <u>352</u>           | <u>478</u>  | <u>32</u>            | <u>64</u>   |

A reconciliations of the net book value of intangible assets for the years 2014 and 2013 are presented below.

(Unit: Thousand Baht)

|  | Consolidated         |             | Separate             |             |
|--|----------------------|-------------|----------------------|-------------|
|  | financial statements |             | financial statements |             |
|  | <u>2014</u>          | <u>2013</u> | <u>2014</u>          | <u>2013</u> |
| Net book value at beginning of year        | 478                  | 377         | 64                   | 176         |
| Acquisitions of subsidiary during the year | -                    | 286         | -                    | -           |
| Acquisitions during the year               | 40                   | -           | -                    | -           |
| Amortisation                               | (166)                | (185)       | (32)                 | (112)       |
| Net book value at end of year              | <u>352</u>           | <u>478</u>  | <u>32</u>            | <u>64</u>   |

## 18. Short-term loans from financial institutions

(Unit: Thousand Baht)

|                             | Interest rate       |             | Consolidated         |                | Separate             |                |
|-----------------------------|---------------------|-------------|----------------------|----------------|----------------------|----------------|
|                             | (percent per annum) |             | financial statements |                | financial statements |                |
|                             | <u>2014</u>         | <u>2013</u> | <u>2014</u>          | <u>2013</u>    | <u>2014</u>          | <u>2013</u>    |
| Short-term loans from banks | 4.35                | 4.25 - 4.60 | 55,000               | 215,000        | 45,000               | 10,000         |
| Trust receipts              | 2.30 - 4.50         | 1.90 - 5.35 | 218,371              | 254,896        | 154,243              | 132,800        |
| Total                       |                     |             | <u>273,371</u>       | <u>469,896</u> | <u>199,243</u>       | <u>142,800</u> |

Short-term loans from banks represent promissory notes maturing within 1 - 4 months.

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 31.5 to the financial statements.

## 19. Trade and other payables

|   | (Unit: Thousand Baht)  |                |                    |                |
|---|------------------------|----------------|--------------------|----------------|
|   | Consolidated financial |                | Separate financial |                |
|   | statements             |                | statements         |                |
|   | <u>2014</u>            | <u>2013</u>    | <u>2014</u>        | <u>2013</u>    |
| Trade payables - unrelated parties              | 469,417                | 501,243        | 325,015            | 345,478        |
| Trade payables - related party (Note 7)         | -                      | -              | -                  | 425            |
| Other payables - unrelated parties              | 26,045                 | 24,263         | 17,279             | 8,756          |
| Other payables - related party (Note 7)         | 1,717                  | 3,145          | -                  | 25             |
| Accrued commission expenses - unrelated parties | 151                    | 273            | 130                | 250            |
| Accrued expenses                                | 1,902                  | 2,575          | 1,091              | 965            |
| Total trade and other payables                  | <u>499,232</u>         | <u>531,499</u> | <u>343,515</u>     | <u>355,899</u> |

## 20. Liabilities under finance lease agreements

|  | (Unit: Thousand Baht) |              |                      |              |
|--|-----------------------|--------------|----------------------|--------------|
|  | Consolidated          |              | Separate             |              |
|  | financial statements  |              | financial statements |              |
|  | <u>2014</u>           | <u>2013</u>  | <u>2014</u>          | <u>2013</u>  |
| Liabilities under finance lease agreements                             | 16,443                | 13,466       | 13,882               | 7,463        |
| Less: Deferred interest expenses                                       | (1,334)               | (1,084)      | (1,225)              | (648)        |
| Total  | 15,109                | 12,382       | 12,657               | 6,815        |
| Less: Portion due within one year                                      | (7,590)               | (4,349)      | (5,842)              | (2,156)      |
| Liabilities under finance lease agreements<br>- net of current portion | <u>7,519</u>          | <u>8,033</u> | <u>6,815</u>         | <u>4,659</u> |

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in their operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 - 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

|  | Consolidated financial statements |                |               |                     |                |               |
|--|-----------------------------------|----------------|---------------|---------------------|----------------|---------------|
|  | 2014                              |                |               | 2013                |                |               |
|  | Less than<br>1 year               | 1 - 5<br>years | Total         | Less than<br>1 year | 1 - 5<br>years | Total         |
| Future minimum lease payments                  | 8,495                             | 7,948          | 16,443        | 5,157               | 8,309          | 13,466        |
| Deferred interest expenses                     | (905)                             | (429)          | (1,334)       | (808)               | (276)          | (1,084)       |
| Present value of future minimum lease payments | <u>7,590</u>                      | <u>7,519</u>   | <u>15,109</u> | <u>4,349</u>        | <u>8,033</u>   | <u>12,382</u> |

(Unit: Thousand Baht)

|  | Separate financial statements |                |               |                     |                |              |
|--|-------------------------------|----------------|---------------|---------------------|----------------|--------------|
|  | 2014                          |                |               | 2013                |                |              |
|  | Less than<br>1 year           | 1 - 5<br>years | Total         | Less than<br>1 year | 1 - 5<br>years | Total        |
| Future minimum lease payments                  | 6,655                         | 7,227          | 13,882        | 2,637               | 4,825          | 7,462        |
| Deferred interest expenses                     | (813)                         | (412)          | (1,225)       | (481)               | (166)          | (647)        |
| Present value of future minimum lease payments | <u>5,842</u>                  | <u>6,815</u>   | <u>12,657</u> | <u>2,156</u>        | <u>4,659</u>   | <u>6,815</u> |

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, were as follows:

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements                   |               | Separate<br>financial statements |               |
|--|--|---------------|----------------------------------|---------------|
|  | 2014   | 2013          | 2014                             | 2013          |
|  | <b>Defined benefit obligation at beginning of year</b> | 25,328        | 16,076                           | 12,138        |
| Addition from acquisition of subsidiary during<br>the year           | -  | 7,459         | -                                | -             |
| Current service cost   | 3,326  | 1,056         | 3,241                            | 322           |
| Interest cost  | 993  | 737           | 516                              | 484           |
| Actuarial gains  | (1,687)  | -             | -                                | -             |
| <b>Provisions for long-term employee<br/>benefits at end of year</b> | <u>27,960</u>  | <u>25,328</u> | <u>15,895</u>                    | <u>12,138</u> |

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

|   | Consolidated         |              | Separate             |             |
|---|----------------------|--------------|----------------------|-------------|
|   | financial statements |              | financial statements |             |
|   | <u>2014</u>          | <u>2013</u>  | <u>2014</u>          | <u>2013</u> |
| Current service cost  | 3,326                | 1,056        | 3,241                | 322         |
| Interest cost   | 993                  | 737          | 516                  | 484         |
| Actuarial gains   | (1,687)              | -            | -                    | -           |
| <b>Total expenses recognised in profit or loss</b>                  | <b>2,632</b>         | <b>1,793</b> | <b>3,757</b>         | <b>806</b>  |
| Line items under which such expenses are included in profit or loss |                      |              |                      |             |
| Selling and administrative expenses                                 | 2,632                | 1,793        | 3,757                | 806         |

Principal actuarial assumptions at the valuation date were as follows:

|                             | Consolidated and separate |               | Separate and separate |               |
|-----------------------------|---------------------------|---------------|-----------------------|---------------|
|                             | financial statements      |               | financial statements  |               |
|                             | <u>2014</u>               | <u>2013</u>   | <u>2014</u>           | <u>2013</u>   |
|                             | (% per annum)             | (% per annum) | (% per annum)         | (% per annum) |
| Discount rate               | 4.10 - 4.28               | 3.99 - 4.29   | 4.25                  | 4.27          |
| Future salary increase rate | 3.00                      | 3.00          | 3.00                  | 3.00          |

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous three years are as follows:

(Unit: Thousand Baht)

|           | Defined benefit obligation               |                                      | Experience adjustments on the obligation |                                      |
|-----------|--|--------------------------------------|--|--------------------------------------|
|           | <u>Consolidated financial statements</u> | <u>Separate financial statements</u> | <u>Consolidated financial statements</u> | <u>Separate financial statements</u> |
| Year 2014 | 27,960                                   | 15,895                               | (1,687)                                  | -                                    |
| Year 2013 | 25,328                                   | 12,138                               | -  | -                                    |
| Year 2012 | 16,076                                   | 11,332                               | -  | -                                    |
| Year 2011 | 13,945                                   | 9,895                                | -  | -                                    |

## 22. Share capital

On 21 January 2013, the Extraordinary Shareholders' Meeting No. 1/2013 of the Company passed resolutions to increase its share capital from Baht 320 million (320 million ordinary shares with a par value of Baht 1 each) to Baht 383 million (383 million ordinary shares with a par value of Baht 1 each) by issuing 63 million ordinary shares at par value of Baht 1 each through private placement. The Company allocated its 63 million ordinary shares to NSCM's former shareholders for payment of the investment in ordinary shares of NSCM. The Company and NSCM had completed the above transactions on 31 January 2013 and the Company registered the increase of paid up share capital with ministry of commerce on 1 February 2013.

## 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 24. Expenses by nature

Significant expenses by nature are as follows:

|   | (Unit: Thousand Baht) |             |                      |             |
|---|-----------------------|-------------|----------------------|-------------|
|   | Consolidated          |             | Separate             |             |
|   | financial statements  |             | financial statements |             |
|   | <u>2014</u>           | <u>2013</u> | <u>2014</u>          | <u>2013</u> |
| Salary and wages and other employee benefits    | 170,026               | 143,687     | 88,125               | 79,658      |
| Amortisation                                    | 166                   | 185         | 32                   | 112         |
| Raw materials used                              | 2,055,032             | 2,250,209   | 1,569,545            | 1,610,503   |
| Consumables used                                | 45,164                | 46,033      | 35,407               | 33,330      |
| Purchase of finished good                       | 701,521               | 103,204     | -                    | -           |
| Changes in inventories of finished goods        | (22,180)              | (58,435)    | (8,059)              | (49,922)    |
| Decrease of inventories to net realisable value | 11,984                | 17,177      | 11,156               | 15,529      |

## 25. Corporate income tax

Income tax expenses for the years ended 31 March 2014 and 2013 are made up as follows:

|  | (Unit: Thousand Baht) |                           |                      |                           |
|--|-----------------------|---------------------------|----------------------|---------------------------|
|  | Consolidated          |                           | Separate             |                           |
|  | financial statements  |                           | financial statements |                           |
|  | <u>2014</u>           | <u>2013</u><br>(Restated) | <u>2014</u>          | <u>2013</u><br>(Restated) |
| <b>Current income tax:</b>   |                       |                           |                      |                           |
| Current income tax charge  | 36,830                | 32,167                    | 22,820               | 29,898                    |
| <b>Deferred tax:</b>   |                       |                           |                      |                           |
| Relating to origination and reversal of temporary differences                | 5,033                 | (4,145)                   | (2,982)              | (3,757)                   |
| Effects of changes in the applicable tax rates                               | 147                   | 447                       | -                    | 490                       |
| <b>Income tax expenses reported in the statement of comprehensive income</b> | <b>42,010</b>         | <b>28,469</b>             | <b>19,838</b>        | <b>26,631</b>             |

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2014 and 2013

|   | (Unit: Thousand Baht) |                           |                      |                           |
|---|-----------------------|---------------------------|----------------------|---------------------------|
|   | Consolidated          |                           | Separate             |                           |
|   | financial statements  |                           | financial statements |                           |
|   | <u>2014</u>           | <u>2013</u><br>(Restated) | <u>2014</u>          | <u>2013</u><br>(Restated) |
| Accounting profit before tax  | 216,613               | 238,372                   | 129,220              | 119,117                   |
| Applicable tax rate   | 0 - 20%               | 0 - 23%                   | 20%                  | 23%                       |
| Accounting profit before tax multiplied by applicable tax rate        | 43,226                | 54,933                    | 25,844               | 27,397                    |
| Effects of changes in the applicable tax rates                        | 147                   | 447                       | -                    | 490                       |
| Effects of:   |                       |                           |                      |                           |
| Promotional privileges (Note 26)                                      | (2,835)               | (25,257)                  | -                    | -                         |
| Dividend income from subsidiaries and associate                       | -                     | -                         | (6,308)              | (1,775)                   |
| Non-deductible expenses and income                                    | 1,472                 | (1,654)                   | 302                  | 519                       |
| Total   | (1,363)               | (26,911)                  | (6,006)              | (1,256)                   |
| Income tax expenses reported in the statement of comprehensive income | <b>42,010</b>         | <b>28,469</b>             | <b>19,838</b>        | <b>26,631</b>             |

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

|   | Statements of financial position  |               |               |                               |               |              |
|---|-----------------------------------|---------------|---------------|-------------------------------|---------------|--------------|
|   | Consolidated financial statements |               |               | Separate financial statements |               |              |
|   | As at                             | As at         | As at         | As at                         | As at         | As at        |
|   | 31 March                          | 31 March      | 1 April       | 31 March                      | 31 March      | 1 April      |
| 2014  | 2013                              | 2012          | 2014          | 2013                          | 2012          |              |
|   | (Restated)                        |               | (Restated)    |                               |               |              |
| <b>Deferred tax assets</b>                          |                                   |               |               |                               |               |              |
| Allowance for doubtful accounts                     | 973                               | 1,704         | -             | -                             | -             | -            |
| Allowance for diminution in value<br>of inventories | 12,767                            | 10,370        | 5,288         | 10,245                        | 8,014         | 4,908        |
| Provision for long-term employee<br>benefits        | 5,592                             | 5,066         | 3,215         | 3,179                         | 2,428         | 2,267        |
| Unused tax losses                                   | 2,473                             | 9,845         | 9,881         | -                             | -             | -            |
| <b>Total</b>  | <b>21,805</b>                     | <b>26,985</b> | <b>18,384</b> | <b>13,424</b>                 | <b>10,442</b> | <b>7,175</b> |

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent for the accounting period ended on or after 31 December 2012, and then to 20 percent for the accounting period commencing on or after 1 January 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2013 - 2014 were enacted through a royal decree.

Corporate income tax of one subsidiary has been calculated based on following rate of taxable income.

| Taxable profits (Baht) | Tax rate (%) |      |
|------------------------|--------------|------|
|                        | 2014         | 2013 |
| 1 - 150,000            | 0            | 0    |
| 150,001 - 300,000      | 0            | 15   |
| 300,001 - 1,000,000    | 15           | 15   |
| Over 1,000,001         | 20           | 23   |

The Company and its subsidiaries have reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

## 26. 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 subsidiary's sales and service income for the years ended 31 March 2014 and 2013 are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

|                          | Promoted operations |             | Non-promoted operations |             | Total       |             |
|--------------------------|---------------------|-------------|-------------------------|-------------|-------------|-------------|
|                          | <u>2014</u>         | <u>2013</u> | <u>2014</u>             | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Sales and service income | 140,093             | 984,043     | 632,352*                | 453         | 792,445     | 984,496     |

\* 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.

## 27. Earnings per share

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

## 28. 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 as follows:

- Production and distribution
- Procurement and distribution.

No operating segments have been aggregated to form the above reportable operating.

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 and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 March 2014 and 2013, respectively.

(Unit: Million Baht)

|  | For the year ended 31 March 2014 |                              |                           |                              | Consolidated |
|--|----------------------------------|------------------------------|---------------------------|------------------------------|--------------|
|  | Production and distribution      | Procurement and distribution | Total reportable segments | Adjustments and eliminations |              |
| Revenue from external customers  | 2,548                            | 811                          | 3,359                     | -                            | 3,359        |
| Inter-segment revenue  | 190                              | 1                            | 191                       | (191)                        | -            |
| <b>Total revenues</b>  | <b>2,738</b>                     | <b>812</b>                   | <b>3,550</b>              | <b>(191)</b>                 | <b>3,359</b> |
| Segment profit   | 288                              | 84                           | 372                       | -                            | 372          |
| Other income   |                                  |                              |                           |                              | 36           |
| Finance cost   |                                  |                              |                           |                              | (17)         |
| Selling expenses   |                                  |                              |                           |                              | (69)         |
| Administrative expenses  |                                  |                              |                           |                              | (106)        |
| Interest in the profit of associate accounted for by the equity method                   |                                  |                              |                           |                              | 1            |
| Income tax expenses  |                                  |                              |                           |                              | (42)         |
| <b>Profit for the year</b>   |                                  |                              |                           |                              | <b>175</b>   |
| <b>Segment total assets</b>  | <b>2,318</b>                     | <b>408</b>                   | <b>2,726</b>              | <b>(429)</b>                 | <b>2,297</b> |
| Investment in associates accounted for by the equity method                              | 7                                | -                            | 7                         | -                            | 7            |
| Additions to non-current assets other than financial instruments and deferred tax assets | 203                              | 1                            | 204                       | 7                            | 211          |

(Unit: Million Baht)

For the year ended 31 March 2013

|  | Production and<br>distribution | Procurement and<br>distribution | Total reportable<br>segments | Adjustments<br>and<br>eliminations | Consolidated      |
|--|--------------------------------|---------------------------------|------------------------------|------------------------------------|-------------------|
| Revenue from external customers  | 2,756                          | 133                             | 2,889                        | -                                  | 2,889             |
| Inter-segment revenue  | 234                            | -                               | 234                          | (234)                              | -                 |
| Total revenues   | <u>2,990</u>                   | <u>133</u>                      | <u>3,123</u>                 | <u>(234)</u>                       | <u>2,889</u>      |
| Segment profit   | 332                            | 15                              | 347                          | -                                  | 347               |
| Other income   |                                |                                 |                              |                                    | 54                |
| Finance cost   |                                |                                 |                              |                                    | (18)              |
| Selling expenses   |                                |                                 |                              |                                    | (63)              |
| Administrative expenses  |                                |                                 |                              |                                    | (84)              |
| Interest in the profit of associate<br>accounted for by the equity method                      |                                |                                 |                              |                                    | 2                 |
| Income tax expenses  |                                |                                 |                              |                                    | <u>(28)</u>       |
| <b>Profit for the year</b>   |                                |                                 |                              |                                    | <u><u>210</u></u> |
| <b>Segment total assets</b>  | 2,385                          | 506                             | 2,891                        | (431)                              | <u>2,460</u>      |
| Investment in associate accounted<br>for by the equity method                                  | 11                             | -                               | 11                           | -                                  | <u>11</u>         |
| Additions to non-current assets<br>other than financial instruments<br>and deferred tax assets | 120                            | 39                              | 159                          | 12                                 | <u>171</u>        |

The Company and its subsidiaries carry on operations in the main geographic area in Thailand with gained revenue from export sales and domestic sales. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the year 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's total revenue.

## 29. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 March 2014, the Company and its subsidiaries contributed Baht 2 million (2013: Baht 3 million) (Separate financial statements: Baht 2 million, (2013: Baht 2 million)) to the fund.

## 30. Dividend

| <u>Dividends</u>           | <u>Approved by</u>   | <u>Total<br/>dividends</u><br>(Million Baht) | <u>Dividend<br/>per share</u><br>(Baht) | <u>Payment date</u> |
|----------------------------|--|--|---|---------------------|
| Final dividends for 2013   | Annual General Meeting<br>of the shareholders on<br>26 July 2013 | 45.96  | 0.12                                    | 9 August 2013       |
| Interim dividends for 2014 | The Board of Directors<br>Meeting on<br>13 November 2013         | 45.96  | 0.12                                    | 12 December 2013    |
| Total dividends for 2014   |  | <u>91.92</u>                                 | <u>0.24</u>                             |                     |
| Final dividends for 2012   | Annual General Meeting<br>of the shareholders on<br>26 July 2012 | 44.80  | 0.14                                    | 10 August 2012      |
| Interim dividends for 2013 | The Board of Directors<br>Meeting on<br>14 November 2012         | 32.00  | 0.10                                    | 13 December 2012    |
| Total dividends for 2013   |  | <u>76.80</u>                                 | <u>0.24</u>                             |                     |

## 31. Commitments and contingent liabilities

### 31.1 Capital commitments

As at 31 March 2014, the Company had capital commitments of Baht 33 million in respect of the constructions of a factory and purchases of a machinery (2013: Nil).

### 31.2 Operating lease commitments

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

As at 31 March 2014, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

|                             | As at 31 March |             |
|-----------------------------|----------------|-------------|
|                             | <u>2014</u>    | <u>2013</u> |
| Payable:                    |                |             |
| In up to 1 year             | 4              | 4           |
| In over 1 and up to 5 years | 5              | 1           |
| In over 5 years             | 2              | 2           |

### 31.3 Other service commitment

As at 31 March 2014, the Company and a subsidiary had commitments of approximately Baht 10 million relating to a technical assistance agreement and other service agreements (2013: Baht 6 million).

### 31.4 Guarantees

As at 31 March 2014, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 320 million (2013: Nil).

### 31.5 Credit facilities

As at 31 March 2014, the Company and its subsidiary have been granted credit facilities by various financial institutions for which they have 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 227 million (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 (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 4 million (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 31 million (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 (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 3 million (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 45 million (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 is the subsidiary's office, fixed deposit accounts and a guarantee provided the Company.
- Overdraft facilities of Baht 60 million have not yet been utilised (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 381 million) and Baht 6 million, or a total approximately Baht 387 million, of which USD 0.3 million (equivalent to Baht 8 million) (2013: Nil) of utilised amount are outstanding. These credit facilities are secured by fixed deposit accounts and a guarantee provided by the Company.

## **32. Financial instruments**

### **32.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, short-term loans from financial institutions, trade and other payables and financial lease payables. The financial risks associated with these financial instruments and how they are managed are described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks and short-term loans from financial institutions. Most of the Company and its subsidiaries' financial assets and liabilities are short-term, with floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

## Consolidated financial statements as at 31 March 2014

|                              | Fixed interest rate |             |                        |                      | Total      | Effective interest rate<br>(% p.a.) |
|------------------------------|---------------------|-------------|------------------------|----------------------|------------|-------------------------------------|
|                              | Within 1 year       | 1 - 5 years | Floating interest rate | Non-interest bearing |            |                                     |
| <b>Financial assets</b>      |                     |             |                        |                      |            |                                     |
| Cash and cash equivalents    | 1                   | -           | 10                     | 53                   | 64         | 0.38 - 1.70                         |
| Current investment           | 5                   | -           | -                      | -                    | 5          | 4.90                                |
| Trade and other receivables  | -                   | -           | -                      | 758                  | 758        | -                                   |
| Restricted bank deposits     | 46                  | -           | -                      | -                    | 46         | 1.50 - 2.00                         |
| Long-term investment         | -                   | -           | -                      | 3                    | 3          | -                                   |
|                              | <u>52</u>           | <u>-</u>    | <u>10</u>              | <u>814</u>           | <u>876</u> |                                     |
| <b>Financial liabilities</b> |                     |             |                        |                      |            |                                     |
| Short-term loans from        |                     |             |                        |                      |            |                                     |
| financial institutions       | 273                 | -           | -                      | -                    | 273        | 2.30 - 4.50                         |
| Trade and other payables     | -                   | -           | -                      | 499                  | 499        | -                                   |
| Financial lease payables     | 8                   | 7           | -                      | -                    | 15         | 5.96 - 12.03                        |
|                              | <u>281</u>          | <u>7</u>    | <u>-</u>               | <u>499</u>           | <u>787</u> |                                     |

(Unit: Million Baht)

## Consolidated financial statements as at 31 March 2013

|                              | Fixed interest rate |             |                        |                      | Total        | Effective interest rate<br>(% p.a.) |
|------------------------------|---------------------|-------------|------------------------|----------------------|--------------|-------------------------------------|
|                              | Within 1 year       | 1 - 5 years | Floating interest rate | Non-interest bearing |              |                                     |
| <b>Financial assets</b>      |                     |             |                        |                      |              |                                     |
| Cash and cash equivalents    | 1                   | -           | 10                     | 76                   | 87           | 0.63 - 1.95                         |
| Current investment           | -                   | -           | -                      | 71                   | 71           | -                                   |
| Trade and other receivables  | -                   | -           | -                      | 855                  | 855          | -                                   |
| Restricted bank deposits     | 46                  | -           | -                      | -                    | 46           | 1.60 - 1.95                         |
| Long-term investment         | -                   | -           | -                      | 3                    | 3            | -                                   |
| Other long-term investment   | -                   | 5           | -                      | -                    | 5            | 4.90                                |
|                              | <u>47</u>           | <u>5</u>    | <u>10</u>              | <u>1,005</u>         | <u>1,067</u> |                                     |
| <b>Financial liabilities</b> |                     |             |                        |                      |              |                                     |
| Short-term loans from        |                     |             |                        |                      |              |                                     |
| financial institutions       | 470                 | -           | -                      | -                    | 470          | 1.90 - 5.35                         |
| Trade and other payables     | -                   | -           | -                      | 532                  | 532          | -                                   |
| Financial lease payables     | 4                   | 8           | -                      | -                    | 12           | 6.37 - 12.17                        |
|                              | <u>474</u>          | <u>8</u>    | <u>-</u>               | <u>532</u>           | <u>1,014</u> |                                     |

(Unit: Million Baht)

## Separate financial statements as at 31 March 2014

|                              | Fixed interest rate |             | Floating<br>interest rate | Non-interest<br>bearing | Total      | Effective<br>interest rate<br>(% p.a.) |
|------------------------------|---------------------|-------------|---------------------------|-------------------------|------------|--|
|                              | Within<br>1 year    | 1 - 5 years |                           |                         |            |  |
| <b>Financial assets</b>      |                     |             |                           |                         |            |  |
| Cash and cash equivalents    | 1                   | -           | 5                         | 27                      | 33         | 0.38 - 1.70                            |
| Trade and other receivables  | -                   | -           | -                         | 443                     | 443        | -                                      |
| Restricted bank deposits     | 5                   | -           | -                         | -                       | 5          | 2.00                                   |
|                              | <u>6</u>            | <u>-</u>    | <u>5</u>                  | <u>470</u>              | <u>481</u> |  |
| <b>Financial liabilities</b> |                     |             |                           |                         |            |  |
| Short-term loans from        |                     |             |                           |                         |            |  |
| financial institutions       | 199                 | -           | -                         | -                       | 199        | 2.45 - 4.50                            |
| Trade and other payables     | -                   | -           | -                         | 344                     | 344        | -                                      |
| Financial lease payables     | 6                   | 7           | -                         | -                       | 13         | 5.96 - 11.54                           |
|                              | <u>205</u>          | <u>7</u>    | <u>-</u>                  | <u>344</u>              | <u>556</u> |  |

(Unit: Million Baht)

## Separate financial statements as at 31 March 2013

|                              | Fixed interest rate |             | Floating<br>interest rate | Non-interest<br>bearing | Total      | Effective<br>interest rate<br>(% p.a.) |
|------------------------------|---------------------|-------------|---------------------------|-------------------------|------------|--|
|                              | Within<br>1 year    | 1 - 5 years |                           |                         |            |  |
| <b>Financial assets</b>      |                     |             |                           |                         |            |  |
| Cash and cash equivalents    | 1                   | -           | 1                         | 50                      | 52         | 0.63 - 1.70                            |
| Trade and other receivables  | -                   | -           | -                         | 458                     | 458        | -                                      |
| Restricted bank deposits     | 5                   | -           | -                         | -                       | 5          | 2.35                                   |
|                              | <u>6</u>            | <u>-</u>    | <u>1</u>                  | <u>508</u>              | <u>515</u> |  |
| <b>Financial liabilities</b> |                     |             |                           |                         |            |  |
| Short-term loans from        |                     |             |                           |                         |            |  |
| financial institutions       | 143                 | -           | -                         | -                       | 143        | 2.15 - 5.35                            |
| Trade and other payables     | -                   | -           | -                         | 356                     | 356        | -                                      |
| Financial lease payables     | 2                   | 5           | -                         | -                       | 7          | 6.37 - 11.54                           |
|                              | <u>145</u>          | <u>5</u>    | <u>-</u>                  | <u>356</u>              | <u>506</u> |  |

**Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from sales and purchase transactions and short-term borrowing that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward foreign exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

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

| Foreign currency | Financial assets |             | Financial liabilities |             | Average exchange rate              |             |
|------------------|------------------|-------------|-----------------------|-------------|------------------------------------|-------------|
|                  | as at 31 March   |             | as at 31 March        |             | as at 31 March                     |             |
|                  | <u>2014</u>      | <u>2013</u> | <u>2014</u>           | <u>2013</u> | <u>2014</u>                        | <u>2013</u> |
|                  | (Million)        | (Million)   | (Million)             | (Million)   | (Baht per 1 foreign currency unit) |             |
| US dollar        | 0.3              | 0.2         | 0.6                   | 5.9         | 32.44                              | 29.31       |
| Japanese yen     | 0.5              | 1.6         | 1.3                   | 37.6        | 0.3155                             | 0.3115      |

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

| Foreign currency                  | Bought amount | Sold amount | Contractual exchange rate          |      |
|-----------------------------------|---------------|-------------|------------------------------------|------|
|                                   |               |             | Bought                             | Sold |
|                                   | (Million)     | (Million)   | (Baht per 1 foreign currency unit) |      |
| <b><u>As at 31 March 2014</u></b> |               |             |                                    |      |
| US dollar                         | 0.5           | -           | 32.37 - 32.81                      | -    |
| Japanese yen                      | 1.3           | -           | 0.3184                             | -    |
| <b><u>As at 31 March 2013</u></b> |               |             |                                    |      |
| US dollar                         | 1.0           | -           | 29.31 - 29.33                      | -    |

### 32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and financial liabilities are short-term in nature, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **33. Capital management**

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 March 2014, the Company and its subsidiaries' total debt-to-equity ratio was 0.58:1 (2013: 0.77:1) and the Company's total debt-to-equity ratio was 0.54:1 (2013: 0.50:1).

### **34. Event after the reporting period**

34.1 On 22 May 2014, a meeting of Board of Directors of Auto Metal Company Limited (a subsidiary) passed a resolution to propose the payment of dividends from the operating results of the year ended 31 March 2014 for approval by the 2014 Annual General Meeting of the shareholders. The proposed dividend was Baht 13.60 per share.

34.2 On 28 May 2014, the meeting of the Company's Board of Directors No. 2/2014 passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the Company's shareholders of Baht 0.22 per share from its net operating profit for the year ended 31 March 2014. However, by the resolution of the meeting of the Company's Board of Directors No 4/2013 held on 13 November 2013, the Company had paid out the interim dividend of Baht 0.12 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 46 million on 12 December 2013. The remaining dividend is Baht 0.10 per share, or totaling Baht 38 million. The dividend will be paid on 8 August 2014.

### **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 28 May 2014.