

Lohakit Metal Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 March 2019

Independent Auditor's Report

To the Shareholders of Lohakit Metal Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Lohakit Metal Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lohakit Metal Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lohakit Metal Public Company Limited and its subsidiaries and of Lohakit Metal Public Company Limited as at 31 March 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures performed in response to each matter are described below.

Revenue recognition

Revenue from sales of the Group are significant amount and the Group sell their goods to a large number of customers under different commercial terms. I therefore determined revenue recognition as a key audit matter and focused on the occurrence of revenue recognition.

I performed audit procedures on the recognition of revenue from sales of the Group including:

- Assessed and tested the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applied a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewed credit notes that the Company issued after the period-end.
- Performed analytical procedures on disaggregated data of sales transactions throughout the period.

Allowance for diminution in value of inventories

As at 31 March 2019, the Group had outstanding inventories of Baht 716 million and inventories are valued at the lower of cost and net realisable value. Estimating the net realisable value of inventory, as disclosed in Note 10 to the consolidated financial statements, is an area of significant management judgment, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle.

I assessed the determination of the allowance for diminution in the value of inventories. The procedures that I performed included:

- Gained an understanding of the methods and assumptions applied by the management in determining the allowance for diminution in value of inventories, and reviewed the consistency of the application of that basis.
- Compared the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Compared proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each group of products.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent audit's report.

Gingkarn Atsawarangsali
Certified Public Accountant (Thailand) No. 4496

EY Office Limited
Bangkok: 28 May 2019

Lohakit Metal Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 March 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	250,090,183	338,022,776	152,410,274	211,351,526
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Depreciation	55,463,387	70,353,971	37,617,634	42,879,589
Amortisation	197,121	197,131	138,880	138,892
Reversal of allowance for doubtful accounts	(3,219,537)	(3,236,535)	(595,605)	(810,000)
Reversal of reduction of inventories to net realisable value	(11,443,265)	(8,992,081)	(11,499,858)	(9,438,523)
Allowance for impairment of investment in subsidiary	-	-	930,042	-
Loss (gain) on sale of investments	(3,022)	405,800	-	-
Unrealised gain on change in current investments	(25,010)	(19,220)	-	-
Gain on sales of equipment	(2,952,158)	(7,093,020)	(1,557,158)	(4,420,130)
Provision for long-term employee benefits	4,232,245	3,836,225	2,576,019	2,437,005
Unrealised loss (gain) on foreign exchange	632,846	(53,431)	632,846	(53,431)
Share of profit from investment in associate	(2,144,178)	(1,436,845)	-	-
Dividend income	(164,873)	(357,474)	(103,499,612)	(102,039,632)
Interest income	(677,030)	(756,900)	(92,550)	(99,755)
Interest expenses	4,427,905	3,704,694	1,051,769	2,246,420
Income from operating activities before changes in operating assets and liabilities	294,414,614	394,575,091	78,112,681	142,191,961
Decrease (increase) in operating assets				
Trade and other receivables	36,206,511	(22,973,489)	10,808,625	14,420,572
Inventories	(41,613,289)	138,383,176	198,975	122,083,903
Other current assets	(2,667,207)	2,473,325	(1,869,007)	2,057,865
Other non-current assets	(8,223,081)	116,000	(7,947,082)	(14,000)
Increase (decrease) in operating liabilities				
Trade and other payables	(47,586,893)	31,977,258	(60,166,990)	(11,652,122)
Other current liabilities	(1,764,714)	2,094,990	(1,545,587)	479,353
Cash flows from operating activities	228,765,941	546,646,351	17,591,615	269,567,532
Cash paid for interest expenses	(4,415,241)	(3,729,055)	(1,039,105)	(2,270,781)
Cash paid for income tax	(57,973,655)	(62,464,271)	(14,309,723)	(19,367,089)
Net cash flows from operating activities	166,377,045	480,453,025	2,242,787	247,929,662

The accompanying notes are an integral part of the financial statements.

Lohakit Metal Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 March 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Cash paid for purchasing investment in a subsidiary	-	(1,250,100)	-	(1,250,100)
Increase in restricted deposits	-	(200,000)	-	(200,000)
Cash paid for acquisitions of property, plant and equipment and intangible assets	(189,303,128)	(35,042,886)	(37,774,295)	(18,134,695)
Proceeds from sales of current investments	500,000	16,855,262	-	-
Proceeds from capital recovery of investment unit	794	-	-	-
Cash received from dividends	5,064,873	357,474	103,499,612	102,039,632
Proceeds from sale of machinery and equipment	4,587,511	8,230,366	3,176,284	5,557,469
Cash received from interest income	677,030	758,054	92,550	99,755
Net cash flows from (used in) investing activities	(178,472,920)	(10,291,830)	68,994,151	88,112,061
Cash flows from financing activities				
Increase (decrease) in short-term loans from banks	56,404,542	(17,720,625)	13,326,527	(26,035,879)
Repayment of financial lease payables	-	(1,167,521)	-	(1,167,521)
Dividend paid	(218,920,388)	(199,760,368)	(168,520,000)	(153,200,000)
Net cash flows used in financing activities	(162,515,846)	(218,648,514)	(155,193,473)	(180,403,400)
Effect of exchange rate to cash and cash equivalents	(42,200)	8,270	(42,200)	8,270
Net increase (decrease) in cash and cash equivalents	(174,653,921)	251,520,951	(83,998,735)	155,646,593
Cash and cash equivalents at beginning of year	488,973,053	237,452,102	175,750,573	20,103,980
Cash and cash equivalents at end of year (Note 7)	314,319,132	488,973,053	91,751,838	175,750,573
	-	-	-	-
Supplemental cash flows information				
Non-cash items:				
Actuarial loss for long-term employee benefits	627,546	1,599,694	126,030	1,024,684
Increase in revaluation surplus in investments in available-for-sale securities	743,350	777,779	-	-

The accompanying notes are an integral part of the financial statements.

Lohakit Metal Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 March 2019

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 11 October 2016, 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”) are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(Percent)	(Percent)
Auto Metal Company Limited	Production, smelting and assembly for all types of metal	Thailand	60	60

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(Percent)	(Percent)
Alternative EnMat Company Limited	Distribution of metal and non-ferrous metal products	Thailand	100	100
NSC Metal Company Limited	Distribution of stainless steel, aluminum, brass, copper, zinc and galvanized steel products	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) 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.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - f) 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 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- d) 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.

4.6 Property, plant and equipment and 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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 defined benefit plans are recognised immediately in other comprehensive income.

Past service cost are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognises restructuring-related costs.

4.14 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.

4.15 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.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. 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 and 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 recognised in the statement of financial position 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 credit risk (both bank and counterparty) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

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.

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.

6. 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	
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods and service income	-	-	51,261	56,849	Sale of goods: Market price and cost plus a margin at rate of 5% Service income: Close to the market price
Rental income	-	-	1,728	1,728	Contract price that close to the market price
Other service income	-	-	15,000	15,000	Accordance with the negotiation price
Dividend income	-	-	98,600	102,040	As approved by Shareholders' Meeting and Board of Directors' Meeting
Purchases of goods and services	-	-	-	1,141	Market price
Sales of fixed assets	-	-	-	1,005	Accordance with the negotiation price
<u>Transactions with related companies</u>					
Other service income	240	240	240	240	Fixed fee per month
Commission fee	7,647	7,711	-	-	Not over 2% of sales
Purchases of fixed assets	-	4,707	-	-	Close to the market price
Dividend income	-	-	4,900	-	As approved by Shareholders' Meeting

As at 31 March 2019 and 2018, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade receivable - related parties (Note 9)</u>				
Subsidiaries	-	-	5,517	2,572
<u>Other payables - related party (Note 18)</u>				
Associated company	1,843	1,985	-	-

Directors and management's benefits

During the years ended 31 March 2019 and 2018, 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	financial statements	financial statements
	2019	2018	2019	2018
Short-term employee benefits	60,025	54,893	35,247	32,725
Post-employment benefits	3,127	1,748	1,829	904
Total	<u>63,152</u>	<u>56,641</u>	<u>37,076</u>	<u>33,629</u>

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Cash	140	105	70	45
Bank deposits	<u>314,179</u>	<u>488,868</u>	<u>91,682</u>	<u>175,706</u>
Total	<u>314,319</u>	<u>488,973</u>	<u>91,752</u>	<u>175,751</u>

As at 31 March 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.37 and 0.90 percent per annum (2018: 0.37 and 0.90 percent per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2019		2018	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	<u>4,331</u>	<u>4,380</u>	<u>4,828</u>	<u>4,852</u>
Total trading securities	<u>4,331</u>	<u>4,380</u>	<u>4,828</u>	<u>4,852</u>
Add: Changes in fair value	<u>49</u>		<u>24</u>	
Total trading securities	<u>4,380</u>		<u>4,852</u>	

As at 31 March 2019 and 2018, a subsidiary has investment in Siam Commercial (SCBSFF) Fixed Income Fund which is a debt mutual fund. The fund focuses on investing in debentures issued or guaranteed by the government or corporate.

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	3,377	1,447
Past due				
Not over 3 months	-	-	2,140	1,125
Total trade receivables - related parties	-	-	5,517	2,572
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	529,472	559,700	266,048	270,739
Past due				
Not over 3 months	140,650	143,766	52,462	61,663
Over 3 months but less than 12 months	2,119	2,088	738	1,065
Over 12 months	4,751	9,922	3,488	5,928
Total	676,992	715,476	322,736	339,395
Less: Allowance for doubtful accounts	(5,064)	(10,127)	(3,488)	(5,927)
Total trade receivables - unrelated parties - net	671,928	705,349	319,248	333,468
Total trade receivables - net	671,928	705,349	324,765	336,040
<u>Other receivables</u>				
Other receivables	1,074	637	1,065	-
Interest receivables	49	49	-	-
Total other receivables	1,123	686	1,065	-
Total trade and other receivables - net	673,051	706,035	325,830	336,040

During the year ended 31 March 2019, certain trade accounts receivable of the Company and a subsidiary, amounting to Baht 2 million, were written-off as bad debt (2018: Baht 11 million).

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
	Finished goods	457,501	444,600	(31,877)	(38,526)	425,624
Raw materials	250,501	230,621	(2,971)	(7,765)	247,530	222,856
Supplies	22,848	22,098	-	-	22,848	22,098
Goods in transit	20,372	12,290	-	-	20,372	12,290
Total	751,222	709,609	(34,848)	(46,291)	716,374	663,318

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
	Finished goods	187,281	206,990	(21,193)	(27,899)	166,088
Raw materials	214,202	183,829	(2,971)	(7,765)	211,231	176,064
Supplies	11,677	11,922	-	-	11,677	11,922
Goods in transit	1,672	12,290	-	-	1,672	12,290
Total	414,832	415,031	(24,164)	(35,664)	390,668	379,367

During the current year, the Company and its subsidiaries reversed the reduction of cost of inventories by Baht 11 million (2018: reversed the reduction of Baht 9 million) (Separate financial statements: reversed the reduction of Baht 11 million (2018: reversed the reduction of Baht 9 million)), to reflect the net realisable value. This was presented as cost of sales.

11. Restricted bank deposits

As at 31 March 2019, the Company and its subsidiary have deposits with banks of Baht 46 million (2018: Baht 46 million) which are pledged with the banks to secure credit facilities as described in Note 28.5 to the financial statements.

12. Investment in associated company

12.1 Details of associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Separate financial statements		Consolidated financial statements	
					Cost method		Carrying amount based on equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	9,670	12,426

12.2 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 years		Dividend received during the years	
	2019	2018	2019	2018
Mory Lohakit (Thailand) Co., Ltd.	2,144	1,437	4,900	-

Mory Lohakit (Thailand) Co., Ltd.

On 20 June 2018, 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 per share from the operating profit for the year ended 31 March 2018 and retained earnings as at 31 March 2017. The dividend was paid on 27 June 2018.

12.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

	2019	2018
Current assets	20.4	26.3
Non-current assets	-	0.1
Current liabilities	(0.5)	(0.6)
Non-current liabilities	(0.1)	(0.4)
Net assets	19.8	25.4
Shareholding percentage (%)	49.0	49.0
Share of net assets	9.7	12.4
Carrying amounts of associates based on equity method	9.7	12.4

Summarised information of comprehensive income

	(Unit: Million Baht)	
	For the years ended	
	31 March	
	2019	2018
Revenue	7.7	8.1
Profit	4.4	2.9
Other comprehensive income	-	-
Total comprehensive income	4.4	2.9

13. Investments in subsidiaries

13.1 Details of subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost method		Allowance for impairment of investment		Carrying amount based on cost method	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Million Baht)	(Million Baht)	(%)	(%)						
Auto Metal Company Limited	240	240	60	60	144,000	144,000	-	-	144,000	144,000
Alternative EnMat Company Limited	6	6	100	100	5,499	5,499	(930)	-	4,569	5,499
NSC Metal Company Limited	230	230	100	100	258,238	258,238	-	-	258,238	258,238
Total					<u>407,737</u>	<u>407,737</u>	<u>(930)</u>	<u>-</u>	<u>406,807</u>	<u>407,737</u>

13.2 Dividend income

	(Unit: Thousand Baht)	
Company's name	2019	2018
Auto Metal Company Limited	75,600	69,840
NSC Metal Company Limited	23,000	32,200
Total	<u>98,600</u>	<u>102,040</u>

Auto Metal Company Limited

On 20 June 2018, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 54 per share from the operating profit for the year ended 31 March 2018, the subsidiary had paid out the interim dividend of Baht 26.50 per share. The remaining dividend was Baht 27.50 per share and was paid on 27 June 2018.

On 9 November 2018, the meeting of Board of Directors of Auto Metal Company Limited No. 6/2561 passed a resolution to approve the payment of an interim dividend of Baht 25.00 per share to the Company's ordinary shareholders from the net operating profit from 1 April 2018 to 30 September 2018. This dividend was paid on 26 November 2018.

NSC Metal Company Limited

On 20 June 2018, the Annual General Meeting of the shareholders of NSC Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 11 per share from the operating profit for the year ended 31 March 2018, the subsidiary had paid out the interim dividend of Baht 5.50 per share. The remaining dividend was Baht 5.50 per share and was paid on 27 June 2018.

On 8 November 2018, the meeting of Board of Directors of NSC Metal Company Limited No. 4/2561 passed a resolution to approve the payment of an interim dividend of Baht 4.50 per share to the Company's ordinary shareholders from the net operating profit from 1 April 2018 to 30 September 2018. This dividend was paid on 26 November 2018.

14. Long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2019		2018	
	Cost	Fair value	Cost	Fair value
<u>Investment in marketable unit classified</u>				
<u>as available-for-sale securities</u>				
Industrial freehold and leasehold real estate investment trust	2,442	3,508	2,466	2,765
Less: Capital recovery of investment unit	(1)	-	(24)	-
Total available-for-sale securities	2,441	3,508	2,442	2,765
Add: Changes in fair value	1,067		323	
Total available-for-sale securities	3,508		2,765	

As at 11 September 2018, TICON Freehold and Leasehold Real Estate Investment Trust (TREIT) had reduced fund register capital and paid the capital reduction.

On 28 January 2019, the 2019 Annual General Meeting of TICON Freehold and Leasehold Real Estate Investment Trust (“TREIT”) has resolved to acknowledge change of name and abbreviation of the REIT to Frasers Property Thailand Industrial Freehold & Leasehold REIT (“FTREIT”) and registered for the such change name with the Minister of Commerce on the same day. In this connection, effective in the Stock Exchange of Thailand since 31 January 2019.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and buildings improvement fixture	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	
Cost							
1 April 2017	140,446	320,985	861,723	17,959	80,440	1,638	1,423,191
Acquisitions	-	-	4,206	458	15,842	14,536	35,042
Disposals / write-off	-	-	(10,074)	(1,419)	(16,932)	-	(28,425)
Transfer in (out)	-	-	8,646	-	5,083	(13,729)	-
31 March 2018	140,446	320,985	864,501	16,998	84,433	2,445	1,429,808
Acquisitions	-	-	3,810	1,340	9,887	174,265	189,302
Disposals / write-off	-	(284)	(11,659)	(916)	(11,071)	-	(23,930)
Transfer in (out)	53,576	-	255	38	-	(53,869)	-
31 March 2019	194,022	320,701	856,907	17,460	83,249	122,841	1,595,180
Accumulated depreciation							
1 April 2017	-	170,781	728,385	15,763	59,744	-	974,673
Depreciation for the year	-	10,916	46,734	997	11,707	-	70,354
Depreciation for disposals / write-off	-	-	(10,069)	(1,419)	(15,800)	-	(27,288)
31 March 2018	-	181,697	765,050	15,341	55,651	-	1,017,739
Depreciation for the year	-	10,835	33,302	844	10,482	-	55,463
Depreciation for disposals / write-off	-	(282)	(11,622)	(881)	(9,511)	-	(22,296)
31 March 2019	-	192,250	786,730	15,304	56,622	-	1,050,906
Net book value							
31 March 2018	140,446	139,288	99,451	1,657	28,782	2,445	412,069
31 March 2019	194,022	128,451	70,177	2,156	26,627	122,841	544,274
Depreciation for the year							
2018 (Baht 62 million included in manufacturing cost, and the balance in selling and administrative expenses)							70,354
2019 (Baht 49 million included in manufacturing cost, and the balance in selling and administrative expenses)							55,463

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and improvement	Buildings and improvement fixture	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	
Cost							
1 April 2017	94,745	184,196	491,720	10,156	53,591	1,638	836,046
Acquisitions	-	-	2,492	219	2,513	12,910	18,134
Disposals / write-off	-	-	(10,074)	(1,419)	(9,863)	-	(21,356)
Transfer in (out)	-	-	8,646	-	3,457	(12,103)	-
31 March 2018	94,745	184,196	492,784	8,956	49,698	2,445	832,824
Acquisitions	-	-	2,355	436	8,940	26,043	37,774
Disposals / write-off	-	(284)	(11,659)	(369)	(8,305)	-	(20,617)
Transfer in (out)	-	-	255	38	-	(293)	-
31 March 2019	94,745	183,912	483,735	9,061	50,333	28,195	849,981
Accumulated depreciation							
1 April 2017	-	112,178	385,476	8,596	39,650	-	545,900
Depreciation for the year	-	4,298	30,573	700	7,309	-	42,880
Depreciation for disposals / write-off	-	-	(10,069)	(1,419)	(8,731)	-	(20,219)
31 March 2018	-	116,476	405,980	7,877	38,228	-	568,561
Depreciation for the year	-	4,217	27,244	567	5,589	-	37,617
Depreciation for disposals / write-off	-	(282)	(11,621)	(350)	(6,745)	-	(18,998)
31 March 2019	-	120,411	421,603	8,094	37,072	-	587,180
Net book value							
31 March 2018	94,745	67,720	86,804	1,079	11,470	2,445	264,263
31 March 2019	94,745	63,501	62,132	967	13,261	28,195	262,801
Depreciation for the year							
2018 (Baht 39 million included in manufacturing cost, and the balance in selling and administrative expenses)							42,880
2019 (Baht 34 million included in manufacturing cost, and the balance in selling and administrative expenses)							37,617

On 5 July 2018, a subsidiary entered into a sale and purchase agreement of land and building amounting to Baht 125 million for factory expansion purposes and paid for the deposit of Baht 12.5 million on the agreement date. Subsequently, on 2 August 2018 the subsidiary already paid the remaining amount and obtained the transfer of the title to the land and building.

As at 31 March 2019, the Company and its subsidiaries 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 841 million (2018: Baht 789 million) (Separate financial statements: Baht 483 million (2018: Baht 453 million)).

The Company and a subsidiary have mortgaged a part of their land with structures thereon and pledged a part of machinery 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 28.5 to the financial statements.

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cost	284	282	174	173
Net book value	-	-	-	-

16. Intangible assets

The net book value of intangible assets which are computer software as at 31 March 2019 and 2018 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cost	14,050	14,050	11,053	11,053
Less: Accumulated amortisation	(13,682)	(13,485)	(10,784)	(10,645)
Net book value	368	565	269	408

A reconciliations of the net book value of intangible assets for the years 2019 and 2018 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	565	762	408	547
Amortisation	(197)	(197)	(139)	(139)
Net book value at end of year	368	565	269	408

17. Short-term loans from banks

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
Bank overdrafts	1.80	1.90	3,889	1,121	-	-
Promissory notes	3.65	-	10,000	-	-	-
Trust receipts	3.50 - 3.98	3.50	78,357	34,721	13,326	-
Total			92,246	35,842	13,326	-

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 28.5 to the financial statements.

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payable - unrelated parties	483,219	546,832	269,904	329,579
Other payables - unrelated parties	30,195	13,441	7,204	7,152
Other payables - related party (Note 6)	1,843	1,985	-	-
Accrued commission expenses - unrelated parties	37	42	37	42
Accrued expenses	1,526	1,501	883	816
Total	516,820	563,801	278,028	337,589

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provision for long-term employee benefits				
at beginning of year	36,504	31,069	22,601	19,139
Included in profit or loss:				
Current service cost	3,210	2,907	1,926	1,868
Interest cost	1,022	929	650	569
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	10	1,281	2	721
Financial assumptions changes	35	340	122	62
Experience adjustments	583	(22)	2	242
Total	628	1,599	126	1,025
Provision for long-term employee benefits				
at end of year	<u>41,364</u>	<u>36,504</u>	<u>25,303</u>	<u>22,601</u>

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Selling and administrative expenses	4,232	3,836	2,576	2,437
Total expenses recognised in profit or loss	<u>4,232</u>	<u>3,836</u>	<u>2,576</u>	<u>2,437</u>

The Company and its subsidiaries expect to pay Baht 26 million of long-term employee benefits during the next year (Separate financial statements: Baht 15 million) (2018: Baht 19 million (Separate financial statements: Baht 11 million)).

As at 31 March 2019, the weighted average duration of the liabilities for long-term employee benefit of monthly and daily employee are 6 - 15 years and 4 - 19 years (Separate financial statements: 10 years and 13 years) (2018: 6 - 15 years and 5 - 19 years (Separate financial statements: 10 years and 13 years)).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	2.10 - 3.38	2.03 - 3.08	2.55 - 2.92	2.65 - 2.81
Salary increase rate	4.00 - 5.00	4.00 - 5.00	4.00 - 5.00	4.00 - 5.00
Turnover rate	0 - 54	0 - 56	0 - 54	0 - 56

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 March 2019 are summarised below:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(1.0)	1.1	(0.6)	0.6
Salary increase rate	1.1	(1.0)	0.6	(0.6)
Turnover rate	(1.0)	1.1	(0.6)	0.6

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 8 million (The Company only: Baht 6 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the first quarter of the year ending 31 March 2020.

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside 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. At present, the statutory reserve has fully been set aside.

According to Section 1202 of the Civil and Commercial Code, the subsidiaries are required to set aside to a statutory reserve at least 5 percent of its net income each time the subsidiaries pay a dividend, until such reserve reaches 10 percent of its registered share capital. The statutory reserve can neither be used to offset with deficit nor be used for dividend payment.

21. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salary and wages and other employee benefits	204,777	192,720	112,937	109,852
Depreciation	55,463	70,354	37,617	42,880
Amortisation	197	197	139	139
Raw materials used	1,962,775	2,018,724	1,290,661	1,331,440
Consumables used	32,116	36,547	23,852	29,019
Purchase of finished goods	726,803	656,247	-	-
Changes in inventories of finished goods	(12,901)	(8,616)	19,710	11,224
Reversal of inventories to net realisable value	(11,443)	(8,992)	(11,500)	(9,439)

22. Corporate income tax

Income tax expenses for the years ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	47,143	63,922	7,533	20,151
Deferred tax:				
Relating to origination and reversal of temporary differences	2,250	4,024	1,967	1,412
Income tax expenses reported in the statement of comprehensive income	<u>49,393</u>	<u>67,946</u>	<u>9,500</u>	<u>21,563</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 March 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on gain from the change in value of available-for-sale investments	(213)	-	-	-
Deferred tax on actuarial losses	125	320	25	205
	(88)	320	25	205

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	250,090	338,535	152,410	211,352
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	50,018	67,707	30,482	42,270
Effects of:				
Dividend income from subsidiaries and associate	-	-	(20,700)	(20,408)
Bad debt recoveries	(119)	(150)	(119)	(150)
Non-deductible expenses	1,073	974	638	652
Tax-exempt revenues	-	(19)	-	-
Additional expense deductions allowed	(902)	(898)	(801)	(801)
Unused tax loss	6	476	-	-
Others	(683)	(144)	-	-
Total	(625)	239	(20,982)	(20,707)
Income tax expenses reported in the statement of comprehensive income	49,393	67,946	9,500	21,563

As at 31 March 2019 and 2018, the components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for impairment of investment in subsidiary	-	-	186	-
Allowance for doubtful accounts	315	1,209	-	369
Allowance for diminution in value of inventories	6,969	9,258	4,833	7,133
Provision for long-term employee benefits	8,273	7,301	5,060	4,520
Unused tax losses	215	129	-	-
Total	15,772	17,897	10,079	12,022
Deferred tax liabilities				
Unrealised gain from the change in value of available-for-sale investments	(213)	-	-	-
Total	(213)	-	-	-
Deferred tax assets - net	15,559	17,897	10,079	12,022

23. Promotional privileges

On 29 March 2018, a subsidiary has received promotional privileges by the Board of Investment for the manufacture of stainless steel tubes, pursuant to the promotion certificate No. 61-0357-1-04-1-0 for a project to improve the efficiency of the production of alternative energy pursuant to promotion certificate No. 1407(2)/2548. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on net income from the promoted business in an amount not exceeding 50% of the capital investment in the project to improve production efficiency, excluding land and working capital, for a period of 3 years from the date the promoted operations commenced generating revenues and any losses incurred during the corporate income tax exemption period may be carried forward to be utilised by the Company 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.

On 17 April 2018, the Company has received promotional privileges by the Board of Investment for the manufacture of stainless steel tubes, pursuant to the promotion certificate No. 61-0413-1-04-1-0 for a project to improve the efficiency of the production of alternative energy pursuant to promotion certificate No. 3007/Wo./2550. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on net income from the promoted business in an amount not exceeding 50% of the capital investment in the project to improve production efficiency, excluding land and working capital, for a period of 3 years from the date the promoted operations commenced generating revenues.

24. 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.

25. 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 years ended 31 March 2019 and 2018, respectively.

(Unit: Million Baht)

	For the year ended 31 March 2019				
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
Revenue					
Revenue from external customers	2,514	780	3,294	-	3,294
Inter-segment revenue	51	-	51	(51)	-
Total revenues	<u>2,565</u>	<u>780</u>	<u>3,345</u>	<u>(51)</u>	<u>3,294</u>
Operating result					
Segment profit	350	61	411	-	411
Other income					25
Selling and distribution expenses					(68)
Administrative expenses					(115)
Share of profit from investment in associate accounted for by the equity method					2
Finance cost					(5)
Profit before income tax expense					250
Income tax expenses					(49)
Profit for the year					<u>201</u>
Segment total assets	1,893	455	2,348	(3)	<u>2,345</u>
Investment in associate accounted for by the equity method	10	-	10	-	<u>10</u>
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	141	(1)	140	1	<u>141</u>

(Unit: Million Baht)

	For the year ended 31 March 2018				
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
Revenue					
Revenue from external customers	2,625	751	3,376	-	3,376
Inter-segment revenue	57	1	58	(58)	-
Total revenues	<u>2,682</u>	<u>752</u>	<u>3,434</u>	<u>(58)</u>	<u>3,376</u>
Operating results					
Segment profit	410	73	483	-	483
Other income					31
Selling and distribution expenses					(66)
Administrative expenses					(106)
Share of profit from investment in associate accounted for by the equity method					1
Finance cost					(5)
Profit before income tax expense					<u>338</u>
Income tax expenses					(68)
Profit for the year					<u>270</u>
Segment total assets	1,949	414	2,363	(1)	<u>2,362</u>
Investment in associate accounted for by the equity method	12	-	12	-	<u>12</u>
Additions (reduction) to non- current assets other than financial instruments and deferred tax assets	(39)	3	(36)	(1)	<u>(37)</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.

Major customers

For the year 2019 and 2018, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

26. 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. The contributions for the year ended 31 March 2019 amounting to approximately Baht 5 million (2018: Baht 4 million) (Separate financial statements: Baht 3 million (2018: Baht 2 million)) were recognised as expenses.

27. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Payment date
Final dividends for the year ended 31 March 2018 (net of interim dividend payment)	Annual General Meeting of the shareholders on 26 July 2018	95.75	0.25	10 August 2018
Interim dividends for the year ended 31 March 2019	The Board of Directors Meeting on 9 November 2018	<u>72.77</u>	<u>0.19</u>	7 December 2018
Total dividends paid during the year ended 31 March 2019		<u><u>168.52</u></u>	<u><u>0.44</u></u>	
Final dividends for the year ended 31 March 2017 (net of interim dividend payment)	Annual General Meeting of the shareholders on 27 July 2017	76.60	0.20	11 August 2017
Interim dividends for the year ended 31 March 2018	The Board of Directors Meeting on 7 November 2017	<u>76.60</u>	<u>0.20</u>	6 December 2017
Total dividends paid during the year ended 31 March 2018		<u><u>153.20</u></u>	<u><u>0.40</u></u>	

28. Commitments and contingent liabilities

28.1 Operating lease commitments

The Company and its subsidiaries have entered into a lease agreement in respect of the office building space. The terms of the agreements are generally 3 years.

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

(Unit: Million Baht)

	As at 31 March	
	2019	2018
Payable:		
In up to 1 year	1	3
In over 1 and up to 5 years	-	1

28.2 Other service commitment

As at 31 March 2019, the Company and a subsidiary had commitments of approximately Baht 7 million relating to a technical assistance service agreement and other agreements (2018: Baht 6 million).

28.3 Other commitments

As at 31 March 2019, the Company had outstanding commitments of Baht 4.5 million (2018: Baht 4.5 million) in respect of uncalled portion of investment in a subsidiary.

28.4 Guarantees

As at 31 March 2019, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 350 million (2018: Baht 350 million).

28.5 Credit facilities

As at 31 March 2019, the Company and its subsidiaries have been granted credit facilities by various banks 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 24 million (2018: Baht 59 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machinery.
- Overdraft facilities of Baht 30 million, have not yet been utilised (2018: Nil). These credit facilities are secured by the mortgage of the Company's land with structures thereon, machinery and the fixed deposits account.
- Forward foreign exchange contract facilities of Baht 1,000 million, of which Baht 3 million (2018: Baht 50 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machinery.

A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 300 million, have not yet been utilised (2018: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machinery.
- Overdraft facilities of Baht 10 million, have not yet been utilised (2018: 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, have not yet been utilised (2018: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machinery.

A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 506 million, of which Baht 100 million (2018: Baht 35 million) of the 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, the subsidiary's fixed deposit accounts and a guarantee provided by the Company.
- Overdraft facilities of Baht 60 million, of which Baht 4 million (2018: Baht 1 million) of the utilised amount are outstanding. These credit facilities are secured by the subsidiary's fixed deposit accounts and a guarantee provided by the Company.
- Forward foreign exchange contract facilities, comprising USD 11.7 million (equivalent to Baht 373 million) and Baht 115 million, or a total approximately Baht 488 million, of which USD 50,000 (equivalent to Baht 2 million) (2018: USD 0.5 million (equivalent to Baht 17 million)) of the utilised amount are outstanding.

A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 22 million, have not yet been utilised (2018: Nil). These credit facilities are secured by the Company.
- Overdraft facilities of Baht 5 million have not yet been utilised (2018: Nil). These credit facilities are secured by the Company.
- Forward foreign exchange contract facilities of Baht 30 million, have not yet been utilised (2018: Nil). These credit facilities are secured by the Company.

28.6 Capital commitment

As at 31 March 2019, the Company and its subsidiary have commitments of approximately Baht 7.5 million and USD 1 million, relating to construction contract, design and installation of solar cells on the roof (2018: Nil).

29. Fair value hierarchy

The Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements as at 31 March 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	-	4.4	-	4.4
Investment in marketable unit classified as available-for-sale investment	3.5	-	-	3.5
Liabilities for which fair value is disclosed				
Derivatives				
Foreign currency forward contracts	-	4.3	-	4.3

(Unit: Million Baht)

Consolidated Financial Statements as at 31 March 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	-	4.9	-	4.9
Investment in marketable unit classified as available-for-sale investment	2.8	-	-	2.8
Liabilities for which fair value is disclosed				
Derivatives				
Foreign currency forward contracts	-	65.7	-	65.7

(Unit: Million Baht)

Separate Financial Statements as at 31 March 2019				
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value is disclosed				
Derivatives				
Foreign currency forward contracts	-	2.7	-	2.7

(Unit: Million Baht)

	Separate Financial Statements as at 31 March 2018			
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value is disclosed				
Derivatives				
Foreign currency forward contracts	-	48.9	-	48.9

30. Financial instruments

30.1 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, current investments, trade and other receivables, restricted bank deposits, long-term investments, short-term loans from banks and trade and other payables. The financial risks associated with these financial instruments and how they are managed is 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 they have 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 banks. Most of the Company and its subsidiaries' financial assets and liabilities are short-term. Certain financial assets and liabilities carry 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 2019

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
	Financial assets					
Cash and cash equivalents	2	-	7	305	314	0.37 - 0.90
Current investments	-	-	-	4	4	-
Trade and other receivables	-	-	-	673	673	-
Restricted bank deposits	46	-	-	-	46	0.65 - 1.00
Long-term investment	-	-	-	4	4	-
	<u>48</u>	<u>-</u>	<u>7</u>	<u>986</u>	<u>1,041</u>	
Financial liabilities						
Short-term loans from banks	92	-	-	-	92	1.80 - 3.98
Trade and other payables	-	-	-	517	517	-
	<u>92</u>	<u>-</u>	<u>-</u>	<u>517</u>	<u>609</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2018

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
	Financial assets					
Cash and cash equivalents	2	-	15	472	489	0.37 - 0.90
Current investments	-	-	-	5	5	-
Trade and other receivables	-	-	-	706	706	-
Restricted bank deposits	46	-	-	-	46	0.65 - 1.00
Long-term investment	-	-	-	3	3	-
	<u>48</u>	<u>-</u>	<u>15</u>	<u>1,186</u>	<u>1,249</u>	
Financial liabilities						
Short-term loans from banks	36	-	-	-	36	1.90 - 3.50
Trade and other payables	-	-	-	565	565	-
	<u>36</u>	<u>-</u>	<u>-</u>	<u>565</u>	<u>601</u>	

(Unit: Million Baht)

Separate financial statements as at 31 March 2019

	Fixed interest rate				Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing		
Financial assets						
Cash and cash equivalents	2	-	4	86	92	0.37 - 0.90
Trade and other receivables	-	-	-	326	326	-
Restricted bank deposits	6	-	-	-	6	0.65 - 0.90
	8	-	4	412	424	
Financial liabilities						
Short-term loans from banks	13	-	-	-	13	3.76 - 3.98
Trade and other payables	-	-	-	2	278	-
	13	-	-	2	291	

(Unit: Million Baht)

Separate financial statements as at 31 March 2018

	Fixed interest rate				Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing		
Financial assets						
Cash and cash equivalents	2	-	2	172	176	0.37 - 0.90
Trade and other receivables	-	-	-	336	336	-
Restricted bank deposits	6	-	-	-	6	0.65 - 0.90
	8	-	2	508	518	
Financial liabilities						
Trade and other payables	-	-	-	338	338	-
	-	-	-	338	338	

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 have the 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	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.1	0.1	0.1	1.7	31.77	31.19
Japanese Yen	0.5	0.5	0.5	-	0.2867	0.2893
SG Dollar	-	-	-	0.1	-	24.10

The Company and its subsidiaries have outstanding balance of forward foreign exchange contracts which to reduce the exchange rate risk arising from their financial liabilities dominated in foreign currency with the 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)	
<u>As at 31 March 2019</u>				
US Dollar	0.14	-	31.33 - 32.85	-
<u>As at 31 March 2018</u>				
US Dollar	2.1	-	31.20 - 32.17	-

30.2 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. However, the Company and its subsidiaries estimated fair value of derivatives, their fair value has been determined by using a discounted future cash flows model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries considered counterparty credit risk when determining the fair value of derivatives.

The estimated fair value of the derivatives is as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Fair value	Fair value	Fair value	Fair value
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
Derivatives				
Forward exchange contracts	-	(1.6)	-	(1.3)

31. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholders value. As at 31 March 2019, the Company and its subsidiaries' total debt-to-equity ratio was 0.41:1 (2018: 0.40:1) and the Company's total debt-to-equity ratio was 0.27:1 (2018: 0.31:1).

32. Events after the reporting period

32.1 On 17 May 2019, the meeting of the Board of Directors of NSC Metal Company Limited (a subsidiary) No. 2/2019 passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the subsidiary's shareholders of Baht 6.50 per share, or totaling Baht 14.95 million, from its net operating profit for the year ended 31 March 2019. However, by the resolution of the meeting of the subsidiary's Board of Directors No. 4/2018 held on 8 November 2018, the subsidiary had paid out the interim dividend of Baht 4.50 per share, for 2.3 million ordinary shares, to the subsidiary's shareholders totaling Baht 10.35 million. The subsidiary already paid interim dividend on 26 November 2018. The remaining dividend is Baht 2.00 per share, or totaling Baht 4.60 million.

32.2 On 21 May 2019, the meeting of the Board of Directors of Auto Metal Company Limited (a subsidiary) No. 2/2019 passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the subsidiary's shareholders of Baht 54.00 per share, or totaling Baht 129.60 million from its net operating profit for the year ended 31 March 2019. However, by the resolution of the meeting of the subsidiary's Board of Directors No. 6/2018 held on 9 November 2018, the subsidiary had paid out the interim dividend of Baht 25.00 per share, for 2.4 million ordinary shares, to the subsidiary's shareholders totaling Baht 60.00 million on 26 November 2018. The remaining dividend is Baht 29.00 per share, or totaling Baht 69.60 million.

32.3 On 28 May 2019, the meeting of the Company's Board of Directors No. 2/2019 passed a resolution to propose an approval by the Annual General Meeting of its shareholders, of the dividend payment to the Company's shareholders of Baht 0.37 per share, or totaling Baht 141.71 million from its net operating profit for the year ended 31 March 2019. However, by the resolution of the meeting of the Company's Board of Directors No. 5/2018 held on 9 November 2018, the Company paid out the interim dividend of Baht 0.19 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 72.77 million on 7 December 2018. The remaining dividend is Baht 0.18 per share, or totaling Baht 68.94 million.

33. Approval of consolidated financial statements

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 May 2019.