

Lohakit Metal Public Company Limited  
and its subsidiaries  
Review report and interim consolidated  
financial statements  
For the three-month and six-month periods ended  
30 September 2019

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Lohakit Metal Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Lohakit Metal Public Company Limited and its subsidiaries as at 30 September 2019, and the related consolidated statements of income, comprehensive income for the three-month and six-month period then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Lohakit Metal Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 11 November 2019

(Unaudited but reviewed)

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

**Statement of income**

**For the three-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Sales and service income		745,693	844,390	366,200	396,762
Dividend income		42	40	-	-
Other income		4,641	7,753	6,629	7,408
<b>Total revenues</b>		<b>750,376</b>	<b>852,183</b>	<b>372,829</b>	<b>404,170</b>
<b>Expenses</b>					
Cost of sales and services		658,940	741,760	342,812	363,606
Selling and distribution expenses		17,893	16,731	11,564	11,938
Administrative expenses		30,028	28,301	15,989	16,218
<b>Total expenses</b>		<b>706,861</b>	<b>786,792</b>	<b>370,365</b>	<b>391,762</b>
<b>Profit before share of profit from investment in associate, finance cost and income tax expenses</b>		<b>43,515</b>	<b>65,391</b>	<b>2,464</b>	<b>12,408</b>
Share of profit from investment in associate	9.2	549	405	-	-
<b>Income before finance cost and income tax expenses</b>		<b>44,064</b>	<b>65,796</b>	<b>2,464</b>	<b>12,408</b>
Finance cost		(869)	(1,303)	(301)	(342)
<b>Profit before income tax expenses</b>		<b>43,195</b>	<b>64,493</b>	<b>2,163</b>	<b>12,066</b>
Income tax expenses	17	(8,348)	(12,722)	(279)	(2,278)
<b>Profit for the period</b>		<b>34,847</b>	<b>51,771</b>	<b>1,884</b>	<b>9,788</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		22,602	37,304	1,884	9,788
Non-controlling interests of the subsidiary		12,245	14,467		
		<u>34,847</u>	<u>51,771</u>		
<b>Earnings per share</b>					
19					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.06	0.10	0.005	0.03
Weighted average number of ordinary shares (shares)					
		<u>383,000,000</u>	<u>383,000,000</u>	<u>383,000,000</u>	<u>383,000,000</u>

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

(Unaudited but reviewed)

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

**Statement of comprehensive income**

**For the three-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit for the period</b>		<u>34,847</u>	<u>51,771</u>	<u>1,884</u>	<u>9,788</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on change in value of available-for-sale investments - net of income tax	11, 17	450	180	-	-
<b>Other comprehensive income for the period</b>		<u>450</u>	<u>180</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>35,297</u>	<u>51,951</u>	<u>1,884</u>	<u>9,788</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		23,052	37,484	<u>1,884</u>	<u>9,788</u>
Non-controlling interests of the subsidiary		<u>12,245</u>	<u>14,467</u>		
<b>Total comprehensive income for the period</b>		<u>35,297</u>	<u>51,951</u>		

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

(Unaudited but reviewed)

**Lohakit Metal Public Company Limited and its subsidiaries****Statement of income****For the six-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Sales and service income		1,465,507	1,698,159	716,867	817,864
Dividend income	9.2, 10.2	85	81	46,360	57,150
Other income		9,853	12,744	13,958	14,255
<b>Total revenues</b>		<b>1,475,445</b>	<b>1,710,984</b>	<b>777,185</b>	<b>889,269</b>
<b>Expenses</b>					
Cost of sales and services		1,297,289	1,485,007	670,917	744,537
Selling and distribution expenses		33,402	32,832	21,916	22,973
Administrative expenses	15	66,311	55,831	36,228	31,880
<b>Total expenses</b>		<b>1,397,002</b>	<b>1,573,670</b>	<b>729,061</b>	<b>799,390</b>
<b>Profit before share of profit from investment in associate, finance cost and tax income (income tax expenses)</b>					
Share of profit from investment in associate	9.2	1,072	822	-	-
<b>Income before finance cost and tax income (income tax expenses)</b>		<b>79,515</b>	<b>138,136</b>	<b>48,124</b>	<b>89,879</b>
Finance cost		(2,025)	(2,632)	(725)	(923)
<b>Profit before tax income (income tax expenses)</b>		<b>77,490</b>	<b>135,504</b>	<b>47,399</b>	<b>88,956</b>
Tax income (income tax expenses)	17	(14,929)	(26,835)	91	(6,106)
<b>Profit for the period</b>		<b>62,561</b>	<b>108,669</b>	<b>47,490</b>	<b>82,850</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		40,132	80,618	47,490	82,850
Non-controlling interests of the subsidiary		22,429	28,051		
		<b>62,561</b>	<b>108,669</b>		
<b>Earnings per share</b>					
19					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.10	0.21	0.12	0.22
Weighted average number of ordinary shares (shares)		383,000,000	383,000,000	383,000,000	383,000,000

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

(Unaudited but reviewed)

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

**Statement of comprehensive income**

**For the six-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit for the period</b>		<u>62,561</u>	<u>108,669</u>	<u>47,490</u>	<u>82,850</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on change in value of available-for-sale investments - net of income tax	11, 17	860	257	-	-
<b>Other comprehensive income for the period</b>		<u>860</u>	<u>257</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>63,421</u>	<u>108,926</u>	<u>47,490</u>	<u>82,850</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		40,992	80,875	<u>47,490</u>	<u>82,850</u>
Non-controlling interests of the subsidiary		<u>22,429</u>	<u>28,051</u>		
<b>Total comprehensive income for the period</b>		<u>63,421</u>	<u>108,926</u>		

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

(Unaudited but reviewed)

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

**Cash flow statement**

**For the six-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	77,490	135,504	47,399	88,956
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Depreciation	26,332	29,282	16,388	19,490
Amortisation	120	99	84	70
Reversal of allowance for doubtful accounts	(389)	(1,658)	-	(375)
Reduction of inventories to net realisable value (reversal)	4,399	(7,094)	2,146	(5,513)
Allowance for impairment of investment in subsidiary	-	-	126	718
Gain on sales of investments	(8)	(10)	-	-
Unrealised gain on change in current investments	(11)	(3)	-	-
Gain on sales of equipment	(589)	(411)	(197)	-
Provision for long-term employee benefits	10,516	2,100	7,240	1,288
Unrealised loss on foreign exchange	17	-	27	-
Share of profit from investment in associate	(1,072)	(822)	-	-
Dividend income	(86)	(81)	(46,360)	(57,150)
Interest income	(289)	(292)	(15)	(15)
Interest expenses	1,457	2,022	395	607
Income from operating activities before changes in operating assets and liabilities	117,887	158,636	27,233	48,076
Decrease (increase) in operating assets				
Trade and other receivables	19,518	(44,408)	(21,216)	(24,320)
Inventories	32,790	(62,149)	(890)	(30,180)
Other current assets	1,870	(7,347)	1,285	(6,224)
Other non-current assets	(553)	(124)	(60)	3
Increase (decrease) in operating liabilities				
Trade and other payables	(21,433)	(84,423)	47,387	(55,299)
Other current liabilities	(2,978)	(6,006)	(774)	(3,391)
Cash flows from (used in) operating activities	147,101	(45,821)	52,965	(71,335)
Cash paid for interest expenses	(1,470)	(2,015)	(408)	(599)
Cash paid for income tax	(20,500)	(31,414)	(2,410)	(9,271)
<b>Net cash from (used in) operating activities</b>	<b>125,131</b>	<b>(79,250)</b>	<b>50,147</b>	<b>(81,205)</b>

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

(Unaudited but reviewed)

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

**Cash flow statement (continued)**

**For the six-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Cash paid for acquisition of property, plant and equipment and intangible assets	(22,823)	(131,266)	(18,654)	(3,531)
Proceeds from sales of current investments	600	500	-	-
Proceeds from capital recovery of investment unit	-	1	-	-
Cash received from dividends	86	4,981	46,360	57,150
Proceeds from sales of equipment	1,534	427	734	-
Cash received from interest income	289	194	15	15
<b>Net cash from (used in) investing activities</b>	<b>(20,314)</b>	<b>(125,163)</b>	<b>28,455</b>	<b>53,634</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from banks	(31,761)	85,261	(13,327)	4,500
Dividend paid	(96,780)	(122,150)	(68,940)	(95,750)
<b>Net cash from used in financing activities</b>	<b>(128,541)</b>	<b>(36,889)</b>	<b>(82,267)</b>	<b>(91,250)</b>
<b>Effect of exchange rate to cash and cash equivalents</b>	<b>(27)</b>	<b>7</b>	<b>(27)</b>	<b>7</b>
Net decrease in cash and cash equivalents	(23,751)	(241,295)	(3,692)	(118,814)
Cash and cash equivalents at beginning of period	314,319	488,973	91,752	175,751
<b>Cash and cash equivalents at end of period (Note 4)</b>	<b>290,568</b>	<b>247,678</b>	<b>88,060</b>	<b>56,937</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash items:				
Increase in revaluation surplus in investments				
in available-for-sale investment	1,075	257	-	-

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



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

**Notes to consolidated interim financial statements**

**For the three-month and six-month periods ended 30 September 2019**

**1. General information**

**1.1 Corporate information**

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

**1.2 Basis of preparation of interim financial statements**

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

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

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

**1.3 Basis of consolidation**

These consolidated interim financial statements include the financial statements of Lohakit Metal Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 March 2019. During the current period, there was no change in the structure of the Group.

## 1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 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
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 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 recognised 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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

**(b) 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 and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which 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

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.

**2. Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 March 2019.

**3. Related party transactions**

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

(Unit: Thousand Baht)

	For the three-month periods ended				Transfer Pricing Policy
	30 September				
	Consolidated		Separate		
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	8,306	10,763	Sale of goods: Market price and cost plus a margin at rate of 5% Service income: Closed to the market price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended				Transfer Pricing Policy
	30 September				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
Rental income	-	-	488	432	Contract price closed to the market price
Others service income	-	-	3,850	3,750	Accordance with the negotiation price
<u>Transactions with related parties</u>					
Others service income	-	60	-	60	Fixed fee per month
Commission expenses	1,764	1,846	-	-	Not over 2% of sales

(Unit: Thousand Baht)

	For the six-month periods ended				Transfer Pricing Policy
	30 September				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	20,389	23,990	Sale of goods: Market price and cost plus a margin at rate of 5% Service income: Closed to the market price
Rental income	-	-	920	864	Contract price closed to the market price
Others service income	-	-	7,750	7,500	Accordance with the negotiation price
Dividend income	-	-	46,360	52,250	As approved by shareholders' meeting
<u>Transactions with related parties</u>					
Others service income	-	120	-	120	Fixed fee per month
Commission expenses	3,486	3,695	-	-	Not over 2% of sales
Dividend income	-	-	-	4,900	As approved by shareholders' meeting

(Unaudited but reviewed)

As at 30 September 2019 and 31 March 2019, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
<b><u>Trade receivables - related parties (Note 6)</u></b>				
Subsidiaries	-	-	1,971	5,517
<b><u>Other payables - related party (Note 14)</u></b>				
Associate	1,695	1,843	-	-

**Directors and management's benefits**

For the three-month and six-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	13,635	12,066	8,244	7,349
Post-employment benefits	807	559	504	310
Total	14,442	12,625	8,748	7,659

(Unit: Thousand Baht)

	For the six-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	27,330	23,678	16,498	14,245
Post-employment benefits	5,087	1,117	3,849	620
Total	32,417	24,795	20,347	14,865

**4. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
Cash	140	140	70	70
Bank deposits	290,428	314,179	87,990	91,682
<b>Total</b>	<b>290,568</b>	<b>314,319</b>	<b>88,060</b>	<b>91,752</b>

As at 30 September 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.37 and 0.90 percent per annum (31 March 2019: between 0.37 and 0.90 percent per annum).

**5. Current investments**

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2019		31 March 2019	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	3,739	3,799	4,331	4,380
Total trading securities	3,739	3,799	4,331	4,380
Add: Changes in fair value	60		49	
Total trading securities	3,799		4,380	

As at 30 September 2019 and 31 March 2019, 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.

**6. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
<u>Trade receivables - related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	-	-	851	3,377
Past due				
Not over 3 months	-	-	1,120	2,140
Total trade receivables - related parties	-	-	1,971	5,517
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	484,660	529,472	258,312	266,048
Past due				
Not over 3 months	166,322	140,650	86,724	52,462
Over 3 months but less than 12 months	2,825	2,119	-	738
Over 12 months	3,845	4,751	3,488	3,488
Total	657,652	676,992	348,524	322,736
Less: Allowance for doubtful accounts	(4,675)	(5,064)	(3,488)	(3,488)
Total trade receivables - unrelated parties, net	652,977	671,928	345,036	319,248
Total trade receivables - net	652,977	671,928	347,007	324,765
<u>Other receivables</u>				
Other receivables	894	1,074	38	1,065
Interest receivable	49	49	-	-
Total other receivables	943	1,123	38	1,065
Total trade and other receivables - net	653,920	673,051	347,045	325,830



**7. Inventories**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
Inventories	718,432	751,222	415,722	414,832
Less: Reduce cost to net realisable value	(39,247)	(34,848)	(26,310)	(24,164)
Inventories - net	679,185	716,374	389,412	390,668

During the current period, the Company and its subsidiaries recorded the reduction of cost of inventories by Baht 4 million (Separate financial statements: recorded the reduction of Baht 2 million), to reflect the net realisable value. This was presented as cost of sales.

**8. Restricted bank deposits**

As at 30 September 2019, the Company and its subsidiaries have deposits with banks of Baht 46 million (31 March 2019: Baht 46 million) which are pledged with the banks to secure credit facilities as described in Note 22.5 to the financial statements.

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

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding		Separate		Consolidated	
			percentage		financial statements		financial statements	
			30 September 2019 (Percent)	31 March 2019 (Percent)	Cost method		Carrying amount based on equity method	
					30 September 2019	31 March 2019	30 September 2019	31 March 2019
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	10,742	9,670

(Unaudited but reviewed)

**9.2 Share of profit and dividend received**

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	Share of profit from investment in associate		Dividend received	
	2019	2018	2019	2018
Mory Lohakit (Thailand) Co., Ltd.	549	405	-	-

(Unit: Thousand Baht)

Company's name	For the six-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	Share of profit from investment in associate		Dividend received	
	2019	2018	2019	2018
Mory Lohakit (Thailand) Co., Ltd.	1,072	822	-	4,900

**9.3 Summarised financial information about material associate**

Summarised information about financial position

(Unit: Million Baht)

	30 September	31 March
	2019	2019
Current assets	22.7	20.4
Non-current assets	-	-
Current liabilities	(0.6)	(0.5)
Non-current liabilities	(0.2)	(0.1)
<b>Net assets</b>	<b>21.9</b>	<b>19.8</b>
Shareholding percentage (%)	49.0	49.0
<b>Share of net assets</b>	<b>10.7</b>	<b>9.7</b>
<b>Carrying amounts of associates based on equity method</b>	<b>10.7</b>	<b>9.7</b>

(Unaudited but reviewed)

Summarised information about comprehensive income

(Unit: Million Baht)

For the three-month periods  
ended 30 September

	2019	2018
Revenue	1.8	1.8
Profit	1.1	0.8
Other comprehensive income	-	-
Total comprehensive income	1.1	0.8

(Unit: Million Baht)

For the six-month periods  
ended 30 September

	2019	2018
Revenue	3.5	3.7
Profit	2.2	1.7
Other comprehensive income	-	-
Total comprehensive income	2.2	1.7

**10. Investments in subsidiaries**

**10.1 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		Allowance for impairment of investment		Carrying amount based on cost method	
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
	(Million Baht)	(Million Baht)	(Percent)	(Percent)						
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	(1,056)	(930)	4,443	4,569
NSC Metal Company Limited	230	230	100	100	258,238	258,238	-	-	258,238	258,238
Total					407,737	407,737	(1,056)	(930)	406,681	406,807

**10.2 Dividend income**

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 September		For the six-month periods ended 30 September	
	2019	2018	2019	2018
Auto Metal Company Limited	-	-	41,760	39,600
NSC Metal Company Limited	-	-	4,600	12,650
Total	-	-	46,360	52,250

**Auto Metal Company Limited**

On 20 June 2019, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 54.00 per share from the operating profit for the year ended 31 March 2019, the subsidiary had paid out the interim dividend of Baht 25.00 per share. The remaining dividend was Baht 29.00 per share and was paid on 26 June 2019.

**NSC Metal Company Limited**

On 20 June 2019, the Annual General Meeting of the shareholders of NSC Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 6.50 per share from the operating profit for the year ended 31 March 2019, the subsidiary had paid out the interim dividend of Baht 4.50 per share. The remaining dividend was Baht 2.00 per share and was paid on 26 June 2019.

**11. Long-term investments**

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2019		31 March 2019	
	Cost	Fair value	Cost	Fair value
<u>Investment in marketable unit classified as available-for-sale securities</u>				
Industrial freehold and leasehold real estate investment trust	2,441	4,583	2,442	3,508
Less: Capital recovery of investment unit	-	-	(1)	-
Total available-for-sale securities	2,441	4,583	2,441	3,508
Add: Change in fair value	2,142		1,067	
Total available-for-sale securities	4,583		3,508	

**12. Property, plant and equipment**

Movements of the property, plant and equipment account during the six-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u>                    </u>	<u>                    </u>
Net book value as at 1 April 2019	544,274	262,801
Acquisitions during period - at cost	22,734	18,654
Transfer equipment to intangible assets - net book value as at transfer date	(1,571)	(887)
Disposal during period - net book value as at disposal date	(946)	(537)
Depreciation for the period	<u>(26,332)</u>	<u>(16,388)</u>
Net book value as at 30 September 2019	<u><u>538,159</u></u>	<u><u>263,643</u></u>

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 22.5 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	
	<u>30 September</u>	<u>31 March</u>	<u>30 September</u>	<u>31 March</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
Cost	284	284	174	174
Net book value	-	-	-	-

**13. Short-term loans from banks**

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	30 September	31 March	30 September	31 March	30 September	31 March
	2019	2019	2019	2019	2019	2019
Bank overdrafts	1.90	1.80	4,123	3,889	-	-
Promissory notes	-	3.65	-	10,000	-	-
Trust receipts	3.40 - 3.60	3.50 - 3.98	56,362	78,357	-	13,327
Total			60,485	92,246	-	13,327

Bank overdrafts, short-term loans from banks and trust receipts facilities are secured by the Company and its subsidiaries' land with structures thereon, unit of condominium, machinery and fixed deposit accounts and guarantees provided by the Company as described in Note 22.5 to the financial statements.

**14. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 March	30 September	31 March
	2019	2019	2019	2019
Trade payable - unrelated parties	457,339	483,219	307,223	269,904
Other payables - unrelated parties	18,056	30,195	10,658	7,204
Other payables - related party (Note 3)	1,695	1,843	-	-
Accrued commission expenses - unrelated parties	17	37	17	37
Accrued expenses	18,255	1,526	7,503	883
Total	495,362	516,820	325,401	278,028

**15. Provision for long-term employee benefits**

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 5 million) as a result. The Company and its subsidiaries reflected 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.

**16. Statutory reserve of subsidiaries**

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.

**17. Income tax**

Income tax expenses (tax income) for the three-month and six-month periods ended 30 September 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	9,224	11,596	710	1,416
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(876)	1,126	(431)	862
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>8,348</u>	<u>12,722</u>	<u>279</u>	<u>2,278</u>

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	17,864	25,151	1,812	5,036
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(2,935)	1,684	(1,903)	1,070
<b>Income tax expense (tax income) reported In the statements of comprehensive income</b>	<u>14,929</u>	<u>26,835</u>	<u>(91)</u>	<u>6,106</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month ended 30 September 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on gain from the change in value of available-for-sale investments	113	-	-	-
	<u>113</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on gain from the change in value of available-for-sale investments	215	-	-	-
	<u>215</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 30 September 2019 and 31 March 2019, the components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
<b>Deferred tax assets</b>				
Allowance for impairment of investment in subsidiary	-	-	211	186
Allowance for doubtful accounts	237	315	-	-
Allowance for diminution in value of inventories	7,849	6,969	5,262	4,833
Provision for long-term employee benefits	10,376	8,273	6,509	5,060
Unused tax losses	245	215	-	-
Total	<u>18,707</u>	<u>15,772</u>	<u>11,982</u>	<u>10,079</u>
<b>Deferred tax liabilities</b>				
Unrealised gain from the change in value of available-for-sale investments	(428)	(213)	-	-
Total	<u>(428)</u>	<u>(213)</u>	<u>-</u>	<u>-</u>
<b>Deferred tax assets - net</b>	<u>18,279</u>	<u>15,559</u>	<u>11,982</u>	<u>10,079</u>



**18. Forward foreign exchange contracts**

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

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	30 September	31 March	30 September	31 March	30 September	31 March
	2019	2019	2019	2019	2019	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.05	0.1	0.4	0.1	30.54	31.77
Japanese Yen	0.5	0.5	2.0	0.5	0.2829	0.2867

The Company and its subsidiaries have outstanding balance of forward foreign exchange contracts in order to reduce the exchange rate risk arising from their 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 30 September 2019</u></b>				
US Dollar	1.21	-	30.55 - 30.80	-
<b><u>As at 31 March 2019</u></b>				
US Dollar	0.14	-	31.33 - 32.85	-

**19. Earnings per share**

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

## 20. Segment information

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 September 2019 and 2018, respectively.

(Unit: Million Baht)

	For the three-month periods ended 30 September									
	Production and distribution		Procurement and distribution		Total reportable segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenue</b>										
Revenue from external customers	594	631	152	213	746	844	-	-	746	844
Inter-segment revenue	8	11	-	-	8	11	(8)	(11)	-	-
<b>Total revenue</b>	<b>602</b>	<b>642</b>	<b>152</b>	<b>213</b>	<b>754</b>	<b>855</b>	<b>(8)</b>	<b>(11)</b>	<b>746</b>	<b>844</b>
<b>Operating results</b>										
<b>Segment profit</b>	74	86	12	16	86	102	-	-	86	102
Other income									5	8
Selling and distribution expenses									(18)	(17)
Administrative expenses									(29)	(28)
Finance cost									(1)	(1)
Profit before income tax expenses									43	64
Income tax expenses									(8)	(12)
<b>Profit for the period</b>									<b>35</b>	<b>52</b>

(Unit: Million Baht)

	For the six-month periods ended 30 September									
	Production and distribution		Procurement and distribution		Total reportable segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenue</b>										
Revenue from external customers	1,162	1,286	304	412	1,466	1,698	-	-	1,466	1,698
Inter-segment revenue	20	24	-	-	20	24	(20)	(24)	-	-
<b>Total revenues</b>	<b>1,182</b>	<b>1,310</b>	<b>304</b>	<b>412</b>	<b>1,486</b>	<b>1,722</b>	<b>(20)</b>	<b>(24)</b>	<b>1,466</b>	<b>1,698</b>
<b>Operating results</b>										
<b>Segment profit</b>	142	179	26	34	168	213	-	-	168	213
Other income									10	13
Selling and distribution expenses									(33)	(33)
Administrative expenses									(66)	(56)
Finance cost									(2)	(3)
Investment in associate accounted for by the equity method									1	1
Profit before income tax expenses									78	135
Income tax expenses									(15)	(26)
<b>Profit for the period</b>									<b>63</b>	<b>109</b>

**21. Dividends**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends for the year ended 31 March 2019 (net of interim dividend payment)	Annual General Meeting of the shareholders on 25 July 2019	68.94	0.18
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

**22. Commitments and contingent liabilities****22.1 Operating lease commitments**

The Company and its subsidiaries have entered into lease agreements 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)	
	30 September 2019	31 March 2019
Payable:		
In up to 1 year	3	1
In over 1 and up to 5 years	7	-

**22.2 Other service commitments**

As at 30 September 2019, the Company and a subsidiary had commitments of approximately Baht 4 million relating to a technical assistance service agreement and other agreements (31 March 2019: Baht 7 million).

**22.3 Other commitments**

As at 30 September 2019, the Company had outstanding commitments of Baht 4.5 million (31 March 2019: Baht 4.5 million) in respect of uncalled portion of investment in a subsidiary.

## 22.4 Guarantees

As at 30 September 2019, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 350 million (31 March 2019: Baht 350 million).

## 22.5 Credit facilities

As at 30 September 2019, the Company and its subsidiaries have been granted credit facilities by various banks for which they have placed collaterals, as follows:-

### **The Company**

- Letter of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 1,461 million, of which totaling Baht 43 million (31 March 2019: Baht 24 million) of 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 (31 March 2019: have not yet been utilised). These credit facilities are secured by the mortgage of the Company's land with structures thereon, machinery and the fixed deposit accounts.
- Forward foreign exchange contract facilities of Baht 1,000 million, of which Baht 36 million (31 March 2019: Baht 3 million) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machinery.

### **A subsidiary**

- Letter of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 300 million, have not yet been utilised (31 March 2019: have not yet been utilised). 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 (31 March 2019: have not yet been utilised). 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 (31 March 2019: have not yet been utilised). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machinery.

**A subsidiary**

- Letter of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 506 million, of which Baht 66 million (31 March 2019: Baht 100 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, the subsidiary's fixed deposit accounts and a guarantee provided the Company.
- Overdraft facilities of Baht 60 million, of which Baht 4 million (31 March 2019: Baht 4 million) of 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 360 million) and Baht 115 million, or a total approximately Baht 475 million, of which USD 43,000 (equivalent to approximately Baht 1 million) (31 March 2019: USD 50,000 (equivalent to approximately Baht 2 million)) of 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 (31 March 2019: have not yet been utilised). These credit facilities are secured by the Company.
- Overdraft facilities of Baht 5 million, have not yet been utilised (31 March 2019: have not yet been utilised). These credit facilities are secured by the Company.
- Forward foreign exchange contract facilities of Baht 30 million, have not yet been utilised (31 March 2019: have not yet been utilised). These credit facilities are secured by the Company.

**22.6 Capital commitment**

As at 30 September 2019, the Company and its subsidiary have commitments of approximately Baht 8.6 and USD 1 million, relating to the contract for construction, design and installation of solar cells on the roof, the purchase of machinery and the construction of machine base (31 March 2019: Baht 7.5 million and USD 1 million).

### 23. Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

#### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable 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

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

(Unit: Million Baht)

Consolidated Financial Statements as at 30 September 2019				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments	-	3.8	-	3.8
Investment in marketable unit classified as available-for-sale investment	4.6	-	-	4.6
<b>Liabilities for which fair value is disclosed</b>				
Derivatives				
Foreign currency forward contracts (to buy USD 1.21 million, as described in Note 18)	-	36.8	-	36.8

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated Financial Statements as at 31 March 2019				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Current investments	-	4.4	-	4.4
Investment in marketable unit classified as available-for-sale investment	3.5	-	-	3.5
<b>Liabilities for which fair value is disclosed</b>				
Derivatives				
Foreign currency forward contracts (to buy USD 0.14 million, as described in Note 18)	-	4.3	-	4.3

(Unit: Million Baht)

Separate Financial Statements as at 30 September 2019				
Level 1	Level 2	Level 3	Total	
<b>Liabilities for which fair value is disclosed</b>				
Derivatives				
Foreign currency forward contracts (to buy USD 1.16 million, as described in Note 18)	-	35.5	-	35.5

(Unit: Million Baht)

Separate Financial Statements as at 31 March 2019				
Level 1	Level 2	Level 3	Total	
<b>Liabilities for which fair value is disclosed</b>				
Derivatives				
Foreign currency forward contracts(to buy USD 0.09 million, as described in Note 18)	-	2.7	-	2.7

**24. Event after the reporting period**

24.1 On 6 November 2019, a meeting of Board of Directors of NSC Metal Company Limited (a subsidiary) approved the payment of an interim dividend of Baht 1.72 per share to the subsidiary's ordinary shareholders for the subsidiary's operations from 1 April 2019 to 30 September 2019. This constitutes a total dividend of Baht 3.96 million.

24.2 On 11 November 2019, a meeting of Board of Directors of Auto Metal Company Limited (a subsidiary) approved the payment of an interim dividend of Baht 23.00 per share to the subsidiary's ordinary shareholders for the subsidiary's operations from 1 April 2019 to 30 September 2019. This constitutes a total dividend of Baht 55.20 million.

24.3 On 11 November 2019, the Company's Board of Directors Meeting approved the payment of an interim dividend of Baht 0.12 per share to the Company's ordinary shareholders for the Company's operations from 1 April 2019 to 30 September 2019. This constitutes a total dividend of Baht 45.96 million.

**25. Approval of interim consolidated financial statements**

These interim consolidated financial statements were authorised for issue by the Company's Board of Directors on 11 November 2019.