

Lohakit Metal Public Company Limited
and its subsidiaries
Review report and interim consolidated
financial statements
For the three-month and nine-month periods ended
31 December 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 31 December 2019, and the related consolidated statements of income, comprehensive income for the three-month and nine-month period then ended, the related consolidated statement of changes in shareholders' equity, and cash flows for the nine-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 February 2020

(Unaudited but reviewed)

Lohakit Metal Public Company Limited and its subsidiaries**Statement of income****For the three-month period ended 31 December 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Sales and services income		634,483	791,589	306,636	358,000
Dividend income	10.2	43	41	37,076	46,350
Other income		4,912	7,423	6,951	7,197
Total revenues		639,438	799,053	350,663	411,547
Expenses					
Cost of sales and services		558,325	692,700	286,663	331,302
Selling and distribution expenses		18,005	17,503	11,892	11,631
Administrative expenses		28,952	27,887	14,999	14,409
Total expenses		605,282	738,090	313,554	357,342
Profit before share of profit from investment in associate, finance cost and tax income (income tax expenses)					
		34,156	60,963	37,109	54,205
Share of profit from investment in associate	9.2	451	648	-	-
Profit before finance cost and tax income (income tax expenses)					
		34,607	61,611	37,109	54,205
Finance cost		(940)	(1,670)	(367)	(310)
Profit before tax income (income tax expenses)					
		33,667	59,941	36,742	53,895
Tax income (income tax expenses)	17	(6,464)	(11,674)	256	(1,351)
Profit for the period		27,203	48,267	36,998	52,544
Profit attributable to:					
Equity holders of the Company		16,856	32,197	36,998	52,544
Non-controlling interests of the subsidiary		10,347	16,070		
		<u>27,203</u>	<u>48,267</u>		
Earnings per share					
19					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.04	0.08	0.10	0.14
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 three-month period ended 31 December 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit for the period		<u>27,203</u>	<u>48,267</u>	<u>36,998</u>	<u>52,544</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on changes in value of available-for-sale investments - net of income tax	11, 17	(450)	(77)	-	-
Other comprehensive income for the period		<u>(450)</u>	<u>(77)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>26,753</u>	<u>48,190</u>	<u>36,998</u>	<u>52,544</u>
Total comprehensive income attributable to:					
Equity holders of the Company		16,406	32,120	<u>36,998</u>	<u>52,544</u>
Non-controlling interests of the subsidiary		<u>10,347</u>	<u>16,070</u>		
Total comprehensive income for the period		<u>26,753</u>	<u>48,190</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 nine-month period ended 31 December 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Sales and services income		2,099,990	2,489,748	1,023,503	1,175,864
Dividend income	9.2, 10.2	128	122	83,436	103,500
Other income		14,765	20,167	20,909	21,452
Total revenues		2,114,883	2,510,037	1,127,848	1,300,816
Expenses					
Cost of sales and services		1,855,614	2,177,707	957,580	1,075,839
Selling and distribution expenses		51,407	50,335	33,808	34,604
Administrative expenses	15	95,263	83,718	51,227	46,289
Total expenses		2,002,284	2,311,760	1,042,615	1,156,732
Profit before share of profit from investment in associate, finance cost and tax income (income tax expenses)					
		112,599	198,277	85,233	144,084
Share of profit from investment in associate	9.2	1,523	1,470	-	-
Profit before finance cost and tax income (income tax expenses)					
		114,122	199,747	85,233	144,084
Finance cost		(2,965)	(4,302)	(1,092)	(1,233)
Profit before tax income (income tax expenses)					
		111,157	195,445	84,141	142,851
Tax income (income tax expenses)	17	(21,393)	(38,509)	347	(7,457)
Profit for the period		89,764	156,936	84,488	135,394
Profit attributable to:					
Equity holders of the Company		56,988	112,815	84,488	135,394
Non-controlling interests of the subsidiary		32,776	44,121		
		<u>89,764</u>	<u>156,936</u>		
Earnings per share					
19					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.15	0.29	0.22	0.35
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 nine-month period ended 31 December 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit for the period		<u>89,764</u>	<u>156,936</u>	<u>84,488</u>	<u>135,394</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on changes in value of available-for-sale investment - net of income tax	11, 17	410	180	-	-
Other comprehensive income for the period		<u>410</u>	<u>180</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>90,174</u>	<u>157,116</u>	<u>84,488</u>	<u>135,394</u>
Total comprehensive income attributable to:					
Equity holders of the Company		57,398	112,995	<u>84,488</u>	<u>135,394</u>
Non-controlling interests of the subsidiary		<u>32,776</u>	<u>44,121</u>		
Total comprehensive income for the period		<u>90,174</u>	<u>157,116</u>		

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 nine-month periods ended 31 December 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
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 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
	31 December				
	Consolidated financial statements		Separate financial statements		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	4,731	14,551	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
	31 December				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
Rental income	-	-	600	432	Contract price that closed to the market price
Others service income	-	-	3,750	3,750	Accordance with the negotiation price
Dividend income	-	-	37,076	46,350	As approved by Board of Directors' Meeting
<u>Transactions with related parties</u>					
Others service income	-	60	-	60	Fixed fee per month
Commission expenses	1,550	2,004	-	-	Not over 2% of sales

(Unit: Thousand Baht)

	For the nine-month periods ended				Transfer Pricing Policy
	31 December				
	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	-	-	25,120	38,541	Sale of goods: Market price and cost plus a margin at rate of 5% Service income: Closed to the market price
Rental income	-	-	1,520	1,296	Contract price that closed to the market price
Others service income	-	-	11,500	11,250	Accordance with the negotiation price
Dividend income	-	-	83,436	98,600	As approved by Shareholders' Meeting and Board of Directors' Meeting

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended				Transfer Pricing Policy
	31 December				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
<u>Transactions with related parties</u>					
Others service income	-	180	-	180	Fixed fee per month
Commission expenses	5,036	5,699	-	-	Not over 2% of sales
Dividend income	-	4,900	-	4,900	As approved by Shareholders' Meeting

As at 31 December 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	
	31 December	31 March	31 December	31 March
	2019	2019	2019	2019
<u>Trade receivables - related parties (Note 6)</u>				
Subsidiaries	-	-	836	5,517
<u>Other payables - related party (Note 14)</u>				
Associate	1,499	1,843	-	-

Directors and management's benefits

For the three-month and nine-month periods ended 31 December 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 31 December			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Short-term employee benefits	13,675	12,607	8,287	7,431
Post-employment benefits	806	558	504	311
Total	14,481	13,165	8,791	7,742

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	41,005	36,285	24,785	21,676
Post-employment benefits	5,893	1,675	4,353	931
Total	<u>46,898</u>	<u>37,960</u>	<u>29,138</u>	<u>22,607</u>

4. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 March	31 December	31 March
	2019	2019	2019	2019
Cash	140	140	70	70
Bank deposits	137,892	314,179	41,745	91,682
Total	<u>138,032</u>	<u>314,319</u>	<u>41,815</u>	<u>91,752</u>

As at 31 December 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			
	31 December 2019		31 March 2019	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	106,739	106,825	4,331	4,380
Total trading securities	106,739	<u>106,825</u>	4,331	<u>4,380</u>
Add: Changes in fair value	86		49	
Total trading securities	<u>106,825</u>		<u>4,380</u>	

As at 31 December 2019 and 31 March 2019, the subsidiaries have investments in Siam Commercial (SCBSFF) Fixed Income Fund and ASP-DPLUS 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	
	31 December	31 March	31 December	31 March
	2019	2019	2019	2019
<u>Trade receivables - related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	-	-	223	3,377
Past due				
Not over 3 months	-	-	613	2,140
Total trade receivables - related parties	-	-	836	5,517
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	404,020	529,472	215,193	266,048
Past due				
Not over 3 months	150,726	140,650	78,073	52,462
Over 3 months but less than 12 months	2,657	2,119	348	738
Over 12 months	3,649	4,751	3,422	3,488
Total	561,052	676,992	297,036	322,736
Less: Allowance for doubtful accounts	(4,803)	(5,064)	(3,422)	(3,488)
Total trade receivables - unrelated parties, net	556,249	671,928	293,614	319,248
Total trade receivables - net	556,249	671,928	294,450	324,765
<u>Other receivables</u>				
Other receivables	-	1,074	-	1,065
Interest receivable	58	49	-	-
Total other receivables	58	1,123	-	1,065
Total trade and other receivables - net	556,307	673,051	294,450	325,830

7. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 March	31 December	31 March
	2019	2019	2019	2019
Inventories	694,400	751,222	395,925	414,832
Less: Reduce cost to net realisable value	(43,802)	(34,848)	(30,571)	(24,164)
Inventories - net	650,598	716,374	365,354	390,668

During the current period, the Company and its subsidiaries recorded the reduction of cost of inventories by Baht 9 million (Separate financial statements: recorded the reduction of Baht 6 million), to reflect the net realisable value. This was presented as cost of sales.

8. Restricted bank deposits

As at 31 December 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	
			31 December	31 March	Cost method		Carrying amount	
			2019	2019	31 December	31 March	31 December	31 March
			(Percent)	(Percent)	2019	2019	2019	2019
							based on equity method	
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	11,193	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 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	Share of profit from investment in associate		Dividend received	
	2019	2018	2019	2018
Mory Lohakit (Thailand) Co., Ltd.	451	648	-	-

(Unit: Thousand Baht)

Company's name	For the nine-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	Share of profit from investment in associate		Dividend received	
	2019	2018	2019	2018
Mory Lohakit (Thailand) Co., Ltd.	1,523	1,470	-	4,900

9.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

	31 December	31 March
	2019	2019
Current assets	23.4	20.4
Non-current assets	-	-
Current liabilities	(0.4)	(0.5)
Non-current liabilities	(0.1)	(0.1)
Net assets	22.9	19.8
Shareholding percentage (%)	49.0	49.0
Share of net assets	11.2	9.7
Carrying amounts of associates based on equity method	11.2	9.7

(Unaudited but reviewed)

Summarised information about comprehensive income

(Unit: Million Baht)

For the three-month periods
ended 31 December

	2019	2018
Revenue	1.5	2.0
Profit	0.9	1.3
Other comprehensive income	-	-
Total comprehensive income	0.9	1.3

(Unit: Million Baht)

For the nine-month periods
ended 31 December

	2019	2018
Revenue	5.0	5.7
Profit	3.1	3.0
Other comprehensive income	-	-
Total comprehensive income	3.1	3.0

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	
	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	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	(1,115)	(930)	4,384	4,569
NSC Metal Company Limited	230	230	100	100	258,238	258,238	-	-	258,238	258,238
Total					407,737	407,737	(1,115)	(930)	406,622	406,807

10.2 Dividend income

(Unit: Thousand Baht)

Company's name	For the three-month periods		For the nine-month periods	
	ended 31 December		ended 31 December	
	2019	2018	2019	2018
Auto Metal Company Limited	33,120	36,000	74,880	75,600
NSC Metal Company Limited	3,956	10,350	8,556	23,000
Total	37,076	46,350	83,436	98,600

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.

On 11 November 2019, the meeting of Board of Directors of Auto Metal Company Limited No. 4/2562 passed a resolution to approve the payment of an interim dividend of Baht 23.00 per share to the Company's ordinary shareholders from the net operating profit from 1 April 2019 to 30 September 2019. This dividend was paid on 26 November 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.

On 6 November 2019, the meeting of Board of Directors of NSC Metal Company Limited No. 4/2562 passed a resolution to approve the payment of an interim dividend of Baht 1.72 per share to the Company's ordinary shareholders from the net operating profit from 1 April 2019 to 30 September 2019. This dividend was paid on 26 November 2019.

11. Long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 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	4,020	2,442	3,508
Less: Capital recovery of investment unit	-	-	(1)	-
Total available-for-sale securities	2,441	4,020	2,441	3,508
Add: Change in fair value	1,579		1,067	
Total available-for-sale securities	4,020		3,508	

12. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 April 2019	544,274	262,801
Acquisitions during period - at cost	82,033	70,044
Transfer equipment to intangible assets		
- net book value as at transfer date	(1,581)	(897)
Disposal during period - net book value as at disposal date	(948)	(541)
Depreciation for the period	(39,810)	(24,457)
Net book value as at 31 December 2019	583,968	306,950

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.

(Unaudited but reviewed)

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	
	31 December	31 March	31 December	31 March
	2019	2019	2019	2019
Cost	284	284	174	174
Net book value	-	-	-	-

13. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	31 December	31 March	31 December	31 March	31 December	31 March
	2019	2019	2019	2019	2019	2019
Bank overdrafts	-	1.80	-	3,889	-	-
Promissory notes	-	3.65	-	10,000	-	-
Trust receipts	3.25 - 3.92	3.50 - 3.98	65,318	78,357	22,153	13,327
Total			65,318	92,246	22,153	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		Separate	
	financial statements		financial statements	
	31 December	31 March	31 December	31 March
	2019	2019	2019	2019
Trade payables - unrelated parties	357,788	483,219	201,389	269,904
Other payables - unrelated parties	21,864	30,195	13,287	7,204
Other payables - related party (Note 3)	1,499	1,843	-	-
Accrued commission expenses - unrelated parties	19	37	19	37
Accrued expenses	20,076	1,526	8,971	883
Total	401,246	516,820	223,666	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

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.

17. Income tax

Income tax expenses for the three-month and nine-month periods ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax charge	7,716	10,904	786	471
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,252)	770	(1,042)	880
Income tax expense (tax income) reported in profit or loss	6,464	11,674	(256)	1,351

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax charge	25,580	36,055	2,598	5,507
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,187)	2,454	(2,945)	1,950
Income tax expense (tax income) reported in the statements of comprehensive income	<u>21,393</u>	<u>38,509</u>	<u>(347)</u>	<u>7,457</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on loss from the change in value of available-for-sale investments	(112)	-	-	-
	<u>(112)</u>	<u>-</u>	<u>-</u>	<u>-</u>

	(Unit: Thousand Baht)			
	For the nine-month periods ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on gain from the change in value of available-for-sale investments	103	-	-	-
	<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
31 December	31 March	31 December	31 March	
2019	2019	2019	2019	
Deferred tax assets				
Allowance for impairment of investment in subsidiary	-	-	223	186
Allowance for doubtful accounts	276	315	-	-
Allowance for diminution in value of inventories	8,760	6,969	6,114	4,833
Provision for long-term employee benefits	10,662	8,273	6,687	5,060
Unused tax losses	261	215	-	-
Total	19,959	15,772	13,024	10,079
Deferred tax liabilities				
Unrealised gain from the change in value of available-for-sale investments	(316)	(213)	-	-
Total	(316)	(213)	-	-
Deferred tax assets - net	19,643	15,559	13,024	10,079

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	
	31 December	31 March	31 December	31 March	31 December	31 March
	2019	2019	2019	2019	2019	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.03	0.1	0.1	0.1	30.11	31.77
Japanese Yen	0.5	0.5	5.5	0.5	0.2754	0.2867
SG Dollar	-	-	0.03	-	22.59	-

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.

(Unaudited but reviewed)

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought (Baht per 1 foreign currency unit)	Sold
<u>As at 31 December 2019</u>				
US Dollar	0.04	-	30.20	-
<u>As at 31 March 2019</u>				
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 nine-month periods ended 31 December 2019 and 2018, respectively.

	(Unit: Million Baht)									
	For the three-month periods ended 31 December									
	Production and distribution		Procurement and distribution		Total reportable segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue										
Revenue from external customers	508	611	126	181	634	792	-	-	634	792
Inter-segment revenue	5	14	-	-	5	14	(5)	(14)	-	-
Total revenues	513	625	126	181	639	806	(5)	(14)	634	792
Operating results										
Segment profit	64	86	12	13	76	99	-	-	76	99
Other income									5	7
Selling and distribution expenses									(18)	(17)
Administrative expenses									(29)	(28)
Finance cost									(1)	(1)
Profit before income tax expenses									33	60
Income tax expenses									(6)	(12)
Profit for the period									27	48

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 31 December									
	Production and distribution		Procurement and distribution		Total reportable segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue										
Revenue from external customers	1,670	1,897	430	593	2,100	2,490	-	-	2,100	2,490
Inter-segment revenue	25	38	-	-	25	38	(25)	(38)	-	-
Total revenues	1,695	1,935	430	593	2,125	2,528	(25)	(38)	2,100	2,490
Operating results										
Segment profit	206	265	38	47	244	312	-	-	244	312
Other income									15	20
Selling and distribution expenses									(51)	(50)
Administrative expenses									(95)	(84)
Share of profit from investment in associates									1	1
Finance cost									(3)	(4)
Profit before income tax expenses									111	195
Income tax expenses									(21)	(38)
Profit for the period									90	157

21. Dividends

Dividends for the nine-month period ended 31 December 2019 and 2018 are made up as follows:

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
Interim dividends for the year ending 31 March 2020	The Board of Directors Meeting on 11 November 2019	45.96	0.12
Total dividends paid during the year ending 31 March 2020		114.90	0.30
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
Interim dividends for the year ended 31 March 2019	The Board of Directors Meeting on 9 November 2018	72.77	0.19
Total dividends paid during the year ended 31 March 2019		168.52	0.44

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)	
	31 December	31 March
	2019	2019
Payable:		
In up to 1 year	3	1
In over 1 and up to 5 years	6	-

22.2 Other service commitments

As at 31 December 2019, the Company and a subsidiary had commitments of approximately Baht 2 million relating to a technical assistance service agreement and other agreements (31 March 2019: Baht 7 million).

22.3 Other commitments

As at 31 December 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 31 December 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 31 December 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 26 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, have not yet been utilised (31 March 2019: Baht 3 million). 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 55 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, have not yet been utilised (31 March 2019: Baht 4 million). 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 352 million) and Baht 115 million, or a total approximately Baht 467 million, of which USD 42,078 (equivalent to Baht 1.3 million) (31 March 2019: USD 50,000 (equivalent to 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 31 December 2019, the Company and its subsidiary have commitments of approximately Baht 3 million, relating to the contract for construction, design and installation of solar cells on the roof and the construction of machine base (31 March 2019: Baht 7.5 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
31 December 2019

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	-	106.8	-	106.8
Investment in marketable unit classified as available-for-sale investment	4.0	-	-	4.0
Liabilities for which fair value is disclosed				
Derivatives				
Foreign currency forward contracts (to buy USD 0.04 million, as described in Note 18)	-	1.3	-	1.3

(Unaudited but reviewed)

(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 (to buy USD 0.14 million, as described in Note 18)	-	4.3	-	4.3

(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 (to buy USD 0.09 million, as described in Note 18)	-	2.7	-	2.7

24. Approval of interim consolidated financial statements

These interim consolidated financial statements were authorised for issue by the Company's Board of Directors on 11 February 2020.