

Lohakit Metal Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 March 2017

Independent Auditor's Report

To the Shareholders of Lohakit Metal Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Lohakit Metal Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lohakit Metal Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lohakit Metal Public Company Limited and its subsidiaries and of Lohakit Metal Public Company Limited as at 31 March 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

The Group sell their goods to a large number of customers under different commercial terms. In addition, the economic slowdown has directly resulted in more intense competition in the industry. Revenues are the key performance indicator to which users of financial statements pay attention. I therefore determined revenue recognition a key audit matter and focused on the occurrence and timing of revenue recognition.

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

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

Allowance for diminution in value of inventories

As at 31 March 2017, the Group had outstanding inventories of Baht 793 million and inventories are valued at the lower of cost and net realisable value. Estimating the net realisable value of inventory, as disclosed in Note 11 to the consolidated financial statements, is an area of significant management judgment, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle. Therefore, there is a risk that the amount of provision set aside for diminution in the value of inventory will be inadequate, causing the overstatement of the value of inventories of the Group.

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

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Miss Rungnapa Lertsuwankul.



Rungnapa Lertsuwankul
Certified Public Accountant (Thailand) No. 3516

EY Office Limited
Bangkok: 29 May 2017

Lohakit Metal Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
Assets					
Current assets					
Cash and cash equivalents	8	237,452,102	177,643,146	20,103,980	28,817,101
Current investments	9	21,351,523	4,504,132	-	-
Trade and other receivables	10	679,827,296	762,172,743	349,651,405	402,335,791
Inventories	11	792,708,709	664,351,918	492,012,866	349,927,128
Other current assets		5,713,482	4,972,880	4,012,059	3,741,504
Total current assets		1,737,053,112	1,613,644,819	865,780,310	784,821,524
Non-current assets					
Restricted bank deposits	12	45,980,000	46,500,000	5,880,000	5,500,000
Investment in associate	13	10,989,759	9,330,492	4,900,000	4,900,000
Investments in subsidiaries	14	-	-	406,487,245	406,487,245
Long-term investments	15	2,730,195	3,159,913	-	-
Property, plant and equipment	16	448,517,725	519,216,594	290,145,710	336,884,431
Intangible assets	17	762,248	432,910	546,834	159,255
Deferred tax assets	24	21,601,160	21,493,944	13,228,916	12,824,890
Other non-current assets		3,828,109	3,630,019	2,573,480	2,439,390
Total non-current assets		534,409,196	603,763,872	723,762,185	769,195,211
Total assets		2,271,462,308	2,217,408,691	1,589,542,495	1,554,016,735

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

Lohakit Metal Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	18	53,562,539	252,952,833	26,035,879	180,961,274
Trade and other payables	19	531,894,476	362,818,465	349,311,973	209,672,958
Current portion of financial lease payables	20	1,167,521	3,479,708	1,167,521	3,479,708
Income tax payable		29,492,356	15,167,137	8,033,504	1,667,135
Other current liabilities		8,233,168	13,051,966	4,693,477	7,539,055
Total current liabilities		624,350,060	647,470,109	389,242,354	403,320,130
Non-current liabilities					
Financial lease payables - net of current portion	20	-	1,167,521	-	1,167,521
Provision for long-term employee benefits	21	31,068,559	30,018,009	19,139,057	18,679,359
Other non-current liabilities		1,400	1,400	-	-
Total non-current liabilities		31,069,959	31,186,930	19,139,057	19,846,880
Total liabilities		655,420,019	678,657,039	408,381,411	423,167,010

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

Lohakit Metal Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
Shareholders' equity					
Share capital					
Registered					
383,000,000 ordinary shares of Baht 1 each		383,000,000	383,000,000	383,000,000	383,000,000
Issued and fully paid-up					
383,000,000 ordinary shares of Baht 1 each		383,000,000	383,000,000	383,000,000	383,000,000
Share premium		519,672,600	519,672,600	519,672,600	519,672,600
Retained earnings					
Appropriated - statutory reserve	22	72,600,000	65,300,000	38,300,000	38,300,000
Unappropriated		440,805,985	376,513,601	240,188,484	189,877,125
Other components of shareholders' equity	15	(454,997)	(25,279)	-	-
Equity attributable to owners of the Company		1,415,623,588	1,344,460,922	1,181,161,084	1,130,849,725
Non-controlling interests of the subsidiary		200,418,701	194,290,730	-	-
Total shareholders' equity		1,616,042,289	1,538,751,652	1,181,161,084	1,130,849,725
Total liabilities and shareholders' equity		2,271,462,308	2,217,408,691	1,589,542,495	1,554,016,735
		-	-	-	-

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

Directors

Lohakit Metal Public Company Limited and its subsidiaries

Statement of income

For the year ended 31 March 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales and service income		3,199,817,163	3,176,851,447	1,616,901,869	1,675,469,766
Dividend income		176,955	199,706	82,894,710	78,623,711
Other income		26,053,359	29,968,986	33,528,033	34,100,894
Total revenues		3,226,047,477	3,207,020,139	1,733,324,612	1,788,194,371
Expenses					
Cost of sales and services		2,773,596,163	2,858,659,741	1,446,449,851	1,555,587,418
Selling expenses		67,990,163	75,202,471	44,919,359	48,486,040
Administrative expenses		104,795,455	99,323,896	63,671,736	57,895,429
Total expenses		2,946,381,781	3,033,186,108	1,555,040,946	1,661,968,887
Profit before share of profit from investment					
in associate, finance cost and income tax expenses		279,665,696	173,834,031	178,283,666	126,225,484
Share of profit from investment in associate	13	1,659,267	1,198,865	-	-
Income before finance cost and income tax expenses		281,324,963	175,032,896	178,283,666	126,225,484
Finance cost		(8,015,095)	(14,912,432)	(5,135,449)	(11,950,136)
Profit before income tax expenses		273,309,868	160,120,464	173,148,217	114,275,348
Income tax expenses	24	(54,316,936)	(33,403,779)	(17,287,908)	(7,791,116)
Profit for the year		218,992,932	126,716,685	155,860,309	106,484,232
Profit attributable to:					
Equity holders of the Company		176,563,656	97,694,779	155,860,309	106,484,232
Non-controlling interests of the subsidiary		42,429,276	29,021,906		
		<u>218,992,932</u>	<u>126,716,685</u>		
Earnings per share					
26					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.46	0.26	0.41	0.28
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.

Lohakit Metal Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 March 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit for the year		<u>218,992,932</u>	<u>126,716,685</u>	<u>155,860,309</u>	<u>106,484,232</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain (loss) on changes in value of available-for-sale investments	15	(429,718)	75,838	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax	21, 24	2,447,714	(4,123,938)	1,691,050	(2,843,852)
Other comprehensive income for the year		<u>2,017,996</u>	<u>(4,048,100)</u>	<u>1,691,050</u>	<u>(2,843,852)</u>
Total comprehensive income for the year		<u><u>221,010,928</u></u>	<u><u>122,668,585</u></u>	<u><u>157,551,359</u></u>	<u><u>103,640,380</u></u>
Total comprehensive income attributable to					
Equity holders of the Company		178,402,957	93,767,151	<u>157,551,359</u>	<u>103,640,380</u>
Non-controlling interests of subsidiaries		<u>42,607,971</u>	<u>28,901,434</u>		
Total comprehensive income for the year		<u><u>221,010,928</u></u>	<u><u>122,668,585</u></u>		

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

Lohakit Metal Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 March 2017

(Unit: Baht)

Consolidated financial statements								
Equity attributable to owners of the Company								
			Retained earnings		Other components of equity	Total equity	Equity attributable	Total
	Issued and	Share	Appropriated -	Unappropriated	Other comprehensive income	attributable to	to non-controlling	shareholders'
Note	paid-up	premium	statutory reserve		on changes	owners of	interests of	equity
	share capital				in value of	the Company	the subsidiary	
					available-for-sale			
					investments			
Balance as at 1 April 2015	383,000,000	519,672,600	57,707,335	367,016,241	(101,117)	1,327,295,059	192,939,396	1,520,234,455
Profit for the year	-	-	-	97,694,779	-	97,694,779	29,021,906	126,716,685
Other comprehensive income for the year	-	-	-	(4,003,466)	75,838	(3,927,628)	(120,472)	(4,048,100)
Total comprehensive income for the year	-	-	-	93,691,313	75,838	93,767,151	28,901,434	122,668,585
Increase in non-controlling interests of the subsidiary from changing of investment in subsidiary	-	-	-	-	-	-	1,249,900	1,249,900
Dividend paid	29	-	-	(76,601,288)	-	(76,601,288)	(28,800,000)	(105,401,288)
Transferred to appropriated retained earnings - statutory reserve	22	-	7,592,665	(7,592,665)	-	-	-	-
Balance as at 31 March 2016	<u>383,000,000</u>	<u>519,672,600</u>	<u>65,300,000</u>	<u>376,513,601</u>	<u>(25,279)</u>	<u>1,344,460,922</u>	<u>194,290,730</u>	<u>1,538,751,652</u>
Balance as at 1 April 2016	383,000,000	519,672,600	65,300,000	376,513,601	(25,279)	1,344,460,922	194,290,730	1,538,751,652
Profit for the year	-	-	-	176,563,656	-	176,563,656	42,429,276	218,992,932
Other comprehensive income for the year	-	-	-	2,269,019	(429,718)	1,839,301	178,695	2,017,996
Total comprehensive income for the year	-	-	-	178,832,675	(429,718)	178,402,957	42,607,971	221,010,928
Dividend paid	29	-	-	(107,240,291)	-	(107,240,291)	(36,480,000)	(143,720,291)
Transferred to appropriated retained earnings - statutory reserve	22	-	7,300,000	(7,300,000)	-	-	-	-
Balance as at 31 March 2017	<u>383,000,000</u>	<u>519,672,600</u>	<u>72,600,000</u>	<u>440,805,985</u>	<u>(454,997)</u>	<u>1,415,623,588</u>	<u>200,418,701</u>	<u>1,616,042,289</u>
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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

Lohakit Metal Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 March 2017

(Unit: Baht)

	Note	Separate financial statements				Total shareholders' equity
		Issued and fully paid-up		Retained earnings		
		share capital	Share premium	Appropriated - statutory reserve	Unappropriated	
Balance as at 1 April 2015		383,000,000	519,672,600	35,807,335	165,329,410	1,103,809,345
Profit for the year		-	-	-	106,484,232	106,484,232
Other comprehensive income for the year		-	-	-	(2,843,852)	(2,843,852)
Total comprehensive income for the year		-	-	-	103,640,380	103,640,380
Dividend paid	29	-	-	-	(76,600,000)	(76,600,000)
Transferred to appropriated retained earnings - statutory reserve	22	-	-	2,492,665	(2,492,665)	-
Balance as at 31 March 2016		<u>383,000,000</u>	<u>519,672,600</u>	<u>38,300,000</u>	<u>189,877,125</u>	<u>1,130,849,725</u>
Balance as at 1 April 2016		383,000,000	519,672,600	38,300,000	189,877,125	1,130,849,725
Profit for the year		-	-	-	155,860,309	155,860,309
Other comprehensive income for the year		-	-	-	1,691,050	1,691,050
Total comprehensive income for the year		-	-	-	157,551,359	157,551,359
Dividend paid	29	-	-	-	(107,240,000)	(107,240,000)
Balance as at 31 March 2017		<u>383,000,000</u>	<u>519,672,600</u>	<u>38,300,000</u>	<u>240,188,484</u>	<u>1,181,161,084</u>
		-	-	-	-	-
		-	-	-	-	-

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

Lohakit Metal Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 March 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	273,309,868	160,120,464	173,148,217	114,275,348
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Depreciation	82,743,400	91,621,652	45,115,790	38,768,252
Amortisation	161,862	140,180	103,621	43,758
Allowance for doubtful accounts (reversal)	749,127	6,440,428	(825,000)	1,353,224
Reduction of inventories to net realisable value (reversal)	(1,901,138)	2,659,734	1,635,431	1,698,072
Gain on sale of current investments	(22,642)	(88,504)	-	-
Unrealised gain on change in current investments	(24,748)	(4,132)	-	-
Gain on sale of equipment	(3,969,341)	(1,132,167)	(5,615,064)	(96,657)
Movements in provision for long-term employee benefits	4,241,142	3,319,290	2,704,460	1,931,400
Unrealised gain on foreign exchange	(358,943)	(159,725)	(349,269)	(169,399)
Share of profit from investment in associate	(1,659,267)	(1,198,865)	-	-
Dividend income	(176,955)	(199,706)	(82,894,710)	(78,623,711)
Interest income	(842,495)	(896,297)	(94,460)	(95,202)
Interest expenses	6,701,727	13,636,157	4,412,832	11,289,496
Income from operating activities before changes in operating assets and liabilities	358,951,597	274,258,509	137,341,848	90,374,581
Decrease (increase) in operating assets				
Trade and other receivables	81,627,427	9,879,633	53,527,539	67,502,479
Inventories	(126,455,653)	156,787,292	(143,721,169)	124,117,305
Other current assets	(740,602)	2,933,407	(270,555)	3,257,745
Other non-current assets	(198,090)	4,903,594	(134,090)	5,152,495
Increase (decrease) in operating liabilities				
Trade and other payables	169,592,468	(72,392,176)	140,126,176	(45,375,973)
Other current liabilities	(4,818,798)	137,889	(2,845,578)	(2,677,528)
Cash paid for long-term employee benefits	(130,950)	(1,118,450)	(130,950)	(801,300)
Cash flows from operating activities	477,827,399	375,389,698	183,893,221	241,549,804
Cash paid for interest expenses	(6,937,323)	(13,977,707)	(4,628,805)	(11,629,238)
Cash paid for income tax	(40,710,861)	(35,576,027)	(11,748,327)	(11,157,952)
Net cash from operating activities	430,179,215	325,835,964	167,516,089	218,762,614

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

Lohakit Metal Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 March 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Cash paid for purchasing investment in a subsidiary	-	-	-	(3,250,100)
Cash paid for purchasing current investments	(22,900,000)	(4,500,000)	-	-
Decrease (increase) in restricted deposits	520,000	(500,000)	(380,000)	(500,000)
Cash paid for acquisitions of machinery and equipment	(13,671,063)	(65,474,196)	(4,389,654)	(55,924,603)
Proceeds from sales of current investments	6,100,000	20,118,411	-	-
Cash received from dividends	176,955	199,706	82,894,710	78,623,711
Proceeds from sale of machinery and equipment	5,104,673	1,224,480	11,136,449	125,446
Cash received from interest income	829,541	913,129	94,460	95,202
Net cash from (used in) investing activities	(23,839,894)	(48,018,470)	89,355,965	19,169,656
Cash flows from financing activities				
Decrease in short-term loans from banks	(199,390,294)	(125,891,967)	(154,925,395)	(154,195,607)
Repayment of financial lease payables	(3,479,708)	(4,851,577)	(3,479,708)	(4,147,890)
Cash received from increase in share capital of a subsidiary	-	1,249,900	-	-
Dividend paid	(143,720,291)	(105,401,288)	(107,240,000)	(76,600,000)
Net cash used in financing activities	(346,590,293)	(234,894,932)	(265,645,103)	(234,943,497)
Effect of exchange rate to cash and cash equivalents	59,928	(86,039)	59,928	(86,039)
Net increase (decrease) in cash and cash equivalents	59,808,956	42,836,523	(8,713,121)	2,902,734
Cash and cash equivalents at beginning of year	177,643,146	134,806,623	28,817,101	25,914,367
Cash and cash equivalents at end of year (Note 8)	237,452,102	177,643,146	20,103,980	28,817,101
	-	-	-	-
Supplemental cash flows information				
Non-cash items:				
Actuarial loss (gain) for long-term employee benefits	(3,059,642)	5,154,923	(2,113,812)	3,554,815
Increase (decrease) in revaluation surplus in investments				
in available-for-sale securities	(429,718)	75,838	-	-

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

Lohakit Metal Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 March 2017

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			(Percent)	(Percent)
Auto Metal Company Limited	Production, smelting and assembly for all types of metal	Thailand	60	60

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			(Percent)	(Percent)
Alternative EnMat Company Limited	Distribution of metal and non-ferrous metal products	Thailand	75	75
NSC Metal Company Limited	Distribution of stainless steel, aluminum, brass, copper, zinc and galvanized steel products	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company and its subsidiary.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which will be effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiary believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

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

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

4.5 Investments

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

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

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

4.6 Property, plant, equipment and depreciation

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

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

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

Depreciation is included in determining income.

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

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

4.7 Borrowing costs

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

4.8 Intangible assets

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

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

4.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.10 Long-term leases

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

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

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.16 Fair value measurement

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

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

Level 1 Use of quoted market prices in an 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

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

5. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventories

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

Property, plant and equipment and depreciation

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

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

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both bank and counterparty) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of securities investments

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

7. Related party transactions

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

(Unit: Thousand Baht)

	For the years ended 31 March				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods and service income	-	-	66,503	96,152	Sale of goods: Market price less discount 2%, and cost plus a margin at rate of 5% Service income: Close to the market price

(Unit: Thousand Baht)

	For the years ended 31 March				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	
Rental income	-	-	1,728	1,728	Contract price close to the market price
Other service income	-	-	15,000	15,000	Accordance with the negotiation price
Dividend income	-	-	82,895	78,624	As approved by shareholders' meeting
Purchases of goods and services	-	-	2,324	3,542	Market price
Sales of fixed assets	-	-	7,300	-	Accordance with the negotiation price
Commission fee	-	-	-	5	Not over 2% of sales
<u>Transactions with related companies</u>					
Other service income	265	300	265	300	Fixed fee per month
Commission fee	6,243	5,878	-	-	Not over 2% of sales

As at 31 March 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties (Note 10)</u>				
Subsidiaries	-	-	1,311	9,970
<u>Trade and other payables - related parties (Note 19)</u>				
Associate	1,663	1,669	-	-
Subsidiary	-	-	-	481
Total trade and other payables - related parties	1,663	1,669	-	481

Directors and management's benefits

During the years ended 31 March 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term employee benefits	51,766	47,138	32,739	28,138
Post-employment benefits	960	3,923	547	2,285
Total	<u>52,726</u>	<u>51,061</u>	<u>33,286</u>	<u>30,423</u>

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash	120	130	60	70
Bank deposits	237,332	177,513	20,044	28,747
Total	<u>237,452</u>	<u>177,643</u>	<u>20,104</u>	<u>28,817</u>

As at 31 March 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.37 and 0.85 percent per annum (2016: 0.38 and 1.00 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	21,323	21,352	4,500	4,504
Total trading securities	21,323	<u>21,352</u>	4,500	<u>4,504</u>
Add: Changes in fair value	29		4	
Total trading securities	<u>21,352</u>		<u>4,504</u>	

As at 31 March 2017 and 2016, 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.

As at 31 March 2017, another subsidiary has investment in Bualuang Thanatavee Fixed Income Fund which is a debt mutual fund. The fund focuses on investing in debentures issued or guaranteed by the government or corporate.

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties</u> (Note 7)				
Aged on the basis of due dates				
Not yet due	-	-	598	5,041
Past due				
Not over 3 months	-	-	733	4,929
Total trade receivables - related parties	-	-	1,331	9,970
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	541,556	591,612	281,516	296,026
Past due				
Not over 3 months	136,623	164,110	66,734	95,838
Over 3 months but less than 12 months	1,157	11,066	-	47
Over 12 months	24,616	18,874	17,954	18,732
Total	703,952	785,662	366,204	410,643
Less: Allowance for doubtful accounts	(24,794)	(24,045)	(17,954)	(18,779)
Total trade receivables - unrelated parties, net	679,158	761,617	348,250	391,864
Total trade receivables - net	679,158	761,617	349,581	401,834
<u>Other receivables</u>				
Other receivables	619	502	70	502
Interest receivables	50	54	-	-
Total other receivables	669	556	70	502
Total trade and other receivables - net	679,827	762,173	349,651	402,336

During the year ended 31 March 2016, certain trade accounts receivable of a subsidiary, amounting to Baht 4 million, were written-off as bad debt (2017: Nil).

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
	Finished goods	435,983	426,145	(46,368)	(46,076)	389,615
Raw materials	386,197	264,603	(8,915)	(11,109)	377,282	253,494
Supplies	23,934	20,866	-	-	23,934	20,866
Goods in transit	1,878	9,923	-	-	1,878	9,923
Total	847,992	721,537	(55,283)	(57,185)	792,709	664,352

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
	Finished goods	218,214	192,086	(36,187)	(32,358)	182,027
Raw materials	304,466	186,156	(8,915)	(11,109)	295,551	175,047
Supplies	13,013	11,801	-	-	13,013	11,801
Goods in transit	1,422	3,351	-	-	1,422	3,351
Total	537,115	393,394	(45,102)	(43,467)	492,013	349,927

During the current year, the Company and its subsidiaries reversed the reduction of cost of inventories by Baht 2 million (2016: recorded the reduction of Baht 3 million) (Separate financial statements: recorded the reduction of Baht 2 million (2016: recorded the reduction of Baht 2 million)), to reflect the net realisable value. This was presented as cost of sales.

12. Restricted bank deposits

As at 31 March 2017, the Company and its subsidiary have deposits with banks of Baht 46 million (2016: Baht 47 million) which are pledged with the banks to secure credit facilities as described in Note 30.5 to the financial statements.

13. Investment in associated company

13.1 Details of associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Separate financial statements		Consolidated financial statements	
			2017	2016	Cost method		Carrying amount based on equity method	
			(%)	(%)	2017	2016	2017	2016
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	10,989	9,330

13.2 Share of profit and dividend received

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associate during the years		Dividend received during the years	
	2017	2016	2017	2016
Mory Lohakit (Thailand) Co., Ltd.	1,659	1,199	-	-

13.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

	2017	2016
Current assets	22.8	18.9
Non-current assets	0.4	0.6
Current liabilities	(0.6)	(0.4)
Non-current liabilities	(0.1)	(0.1)
Net assets	22.5	19.0
Shareholding percentage (%)	49.0	49.0
Share of net assets	11.0	9.3
Carrying amounts of associates based on equity method	11.0	9.3

Summarised information of comprehensive income

	(Unit: Million Baht)	
	For the years ended	
	31 March	
	2017	2016
Revenue	6.3	5.9
Profit	3.4	2.4
Total comprehensive income	3.4	2.4

14. Investments in subsidiaries

14.1 Details of subsidiaries

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

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost method	
	2017	2016	2017	2016	2017	2016
	(Million Baht)	(Million Baht)	(%)	(%)		
Auto Metal Company Limited	240	240	60	60	144,000	144,000
Alternative EnMat Company Limited	6	6	75	75	4,249	4,249
NSC Metal Company Limited	230	230	100	100	258,238	258,238
Total					<u>406,487</u>	<u>406,487</u>

On 24 December 2015, an extraordinary general meeting of Alternative Stainless Company Limited approved the increase of its registered share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 10 million (100,000 ordinary shares of Baht 100 each) through the issuance of 90,000 additional ordinary shares with a par value of Baht 100 each, of which Baht 50 is called up. The subsidiary registered the increase of its capital with the Ministry of Commerce on 4 January 2016. However, the Company invested in 65,002 ordinary shares of Baht 100 each, of which Baht 50 is called up, or a total of Baht 3.25 million. As a result the Company's proportionate shareholding changed from 100% to 75%.

14.2 Dividend income

(Unit: Thousand Baht)

Company's name	2017	2016
Auto Metal Company Limited	54,720	43,200
NSC Metal Company Limited	28,175	33,925
Alternative EnMat Company Limited	-	1,499
Total	82,895	78,624

Auto Metal Company Limited

On 20 June 2016, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 20 per share, or totaling Baht 48 million to the shareholders from the operating profit for the year ended 31 March 2016. The dividend was paid on 27 June 2016.

On 10 November 2016, the meeting of Board of Directors of Auto Metal Company Limited No. 4/2016 passed a resolution to approve the payment of an interim dividend of Baht 18 per share, or totaling Baht 43.2 million to the subsidiary's shareholders from the net operating profit from 1 April 2016 to 30 September 2016. The dividend was paid on 29 November 2016.

NSC Metal Company Limited

On 20 June 2016, the Annual General Meeting of the shareholders of NSC Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 5.75 per share, or totaling Baht 13.23 million from the operating profit for the year ended 31 March 2016. The dividend was paid on 27 June 2016.

On 10 November 2016, the meeting of Board of Directors of NSC Metal Company Limited No. 4/2016 passed a resolution to approve the payment of an interim dividend of Baht 6.5 per share, or totaling Baht 14.95 million to the subsidiary's shareholders from the net operating profit from 1 April 2016 to 30 September 2016. The dividend was paid on 29 November 2016.

15. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Cost	Fair value	Cost	Fair value
<u>Available-for-sale securities</u>				
Investment units in property fund	3,185	2,730	3,185	3,160
Total available-for-sale securities	3,185	2,730	3,185	3,160
Add: Changes in fair value	(455)		(25)	
Total available-for-sale securities	2,730		3,160	

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and fixture	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost							
1 April 2015	140,446	284,235	765,745	20,598	87,509	82,862	1,381,395
Acquisitions	-	-	19,775	485	8,454	36,761	65,475
Disposals	-	(47)	(12,043)	(3,558)	(2,700)	-	(18,348)
Transfer in (out)	-	36,797	79,561	-	-	(116,358)	-
31 March 2016	140,446	320,985	853,038	17,525	93,263	3,265	1,428,522
Acquisitions	-	-	5,679	434	2,351	4,715	13,179
Disposals	-	-	-	-	(18,510)	-	(18,510)
Transfer in (out)	-	-	3,006	-	3,336	(6,342)	-
31 March 2017	140,446	320,985	861,723	17,959	80,440	1,638	1,423,191
Accumulated depreciation							
1 April 2015	-	148,143	614,941	17,016	55,839	-	835,939
Depreciation for the year	-	11,421	66,945	1,240	12,015	-	91,621
Depreciation for disposals	-	(47)	(11,996)	(3,556)	(2,656)	-	(18,255)
31 March 2016	-	159,517	669,890	14,700	65,198	-	909,305
Depreciation for the year	-	11,264	58,495	1,063	11,921	-	82,743
Depreciation for disposals	-	-	-	-	(17,375)	-	(17,375)
31 March 2017	-	170,781	728,385	15,763	59,744	-	974,673
Net book value							
31 March 2016	140,446	161,468	183,148	2,825	28,065	3,265	519,217
31 March 2017	140,446	150,204	133,338	2,196	20,696	1,638	448,518
Depreciation for the year							
2016 (Baht 84 million included in manufacturing cost, and the balance in selling and administrative expenses)							91,621
2017 (Baht 75 million included in manufacturing cost, and the balance in selling and administrative expenses)							82,743

(Unit: Thousand Baht)

Separate financial statements							
	Land and land improvement	Buildings and fixtures	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost							
1 April 2015	94,745	147,445	419,382	13,053	61,224	82,753	818,602
Acquisitions	-	-	14,112	416	6,051	35,345	55,924
Disposals	-	(46)	(10,874)	(3,558)	(235)	-	(14,713)
Transfer in (out)	-	39,797	78,035	-	-	(114,832)	-
31 March 2016	94,745	184,196	500,655	9,911	67,040	3,266	859,813
Acquisitions	-	-	1,373	245	82	2,199	3,899
Disposals	-	-	(12,406)	-	(15,260)	-	(27,666)
Transfer in (out)	-	-	2,098	-	1,729	(3,827)	-
31 March 2017	94,745	184,196	491,720	10,156	53,591	1,638	836,046
Accumulated depreciation							
1 April 2015	-	102,957	348,046	10,592	37,250	-	498,845
Depreciation for the year	-	4,651	24,944	845	8,327	-	38,767
Depreciation for disposals	-	(46)	(10,846)	(3,556)	(235)	-	(14,683)
31 March 2016	-	107,562	362,144	7,881	45,342	-	522,929
Depreciation for the year	-	4,616	31,503	715	8,282	-	45,116
Depreciation for disposals	-	-	(8,171)	-	(13,974)	-	(22,145)
31 March 2017	-	112,178	385,476	8,596	39,650	-	545,900
Net book value							
31 March 2016	94,745	76,634	138,511	2,030	21,698	3,266	336,884
31 March 2017	94,745	72,018	106,244	1,560	13,941	1,638	290,146
Depreciation for the year							
2016 (Baht 33 million included in manufacturing cost, and the balance in selling and administrative expenses)							38,767
2017 (Baht 39 million included in manufacturing cost, and the balance in selling and administrative expenses)							45,116

As at 31 March 2017, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 1 million (2016: Baht 6 million) (Separate financial statements: Baht 1 million (2016: Baht 6 million)).

As at 31 March 2017, the Company and a subsidiary have certain equipment items which have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 725 million (2016: Baht 571 million) (Separate financial statements: Baht 451 million, (2016: Baht 439 million)).

The Company and a subsidiary have mortgaged most of their land with structures thereon and pledged machineries with banks, and another subsidiary has mortgaged unit of condominium with bank, to secure loans and other credit facilities granted to the Company and its subsidiaries by the banks as described in Note 30.5 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	
	2017	2016	2017	2016
Cost	306	306	197	197
Net book value	-	2	-	-

17. Intangible assets

The net book value of intangible assets as at 31 March 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost	15,285	14,794	12,288	11,797
Less: Accumulated amortisation	(14,523)	(14,361)	(11,741)	(11,638)
Net book value	762	433	547	159

A reconciliations of the net book value of intangible assets for the years 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	433	573	159	203
Acquisitions during the year	491	-	491	-
Amortisation	(162)	(140)	(103)	(44)
Net book value at end of year	762	433	547	159

18. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2017	2016	2017	2016	2017	2016
Short-term loans from banks	3.55	3.60 - 3.75	5,000	50,000	5,000	50,000
Trust receipts	3.50 - 3.75	2.75 - 3.68	48,563	202,953	21,036	130,961
Total			53,563	252,953	26,036	180,961

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

Bank overdrafts, short-term loans and trust receipts facilities are secured by the Company and its subsidiaries' land with structures thereon, unit of condominium, machineries and fixed deposit accounts and guarantees provided by the Company as described in Note 30.5 to the financial statements.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts payable - unrelated parties	512,838	341,019	339,211	197,914
Trade accounts payable - related party (Note 7)	-	-	-	481
Other payables - unrelated parties	15,820	18,164	9,259	10,004
Other payables - related party (Note 7)	1,663	1,669	-	-
Accrued commission expenses - unrelated parties	18	61	18	61
Accrued expenses	1,555	1,905	824	1,213
Total	531,894	362,818	349,312	209,673

20. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	1,178	4,809	1,178	4,809
Less: Deferred interest expenses	(10)	(161)	(10)	(161)
Total	1,168	4,648	1,168	4,648
Less: Portion due within one year	(1,168)	(3,480)	(1,168)	(3,480)
Liabilities under finance lease agreements - net of current portion	-	1,168	-	1,168

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

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2017			2016		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	1,178	-	1,178	3,631	1,178	4,809
Deferred interest expenses	(10)	-	(10)	(151)	(10)	(161)
Present value of future minimum lease payments	<u>1,168</u>	<u>-</u>	<u>1,168</u>	<u>3,480</u>	<u>1,168</u>	<u>4,648</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2017			2016		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	1,178	-	1,178	3,631	1,178	4,809
Deferred interest expenses	(10)	-	(10)	(151)	(10)	(161)
Present value of future minimum lease payments	<u>1,168</u>	<u>-</u>	<u>1,168</u>	<u>3,480</u>	<u>1,168</u>	<u>4,648</u>

21. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Provision for long-term employee benefits at beginning of year	30,018	22,662	18,679
Included in profit or loss:				
Current service cost	3,368	2,314	2,169	1,314
Interest cost	873	1,005	536	617
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	(2,285)	2,673	(1,515)	1,731
Financial assumptions changes	(265)	1,702	(150)	1,112
Experience adjustments	(509)	780	(449)	712
Total	(3,059)	5,155	(2,114)	3,555
Benefits paid during the year	(131)	(1,118)	(131)	(801)
Provision for long-term employee benefits at end of year	<u>31,069</u>	<u>30,018</u>	<u>19,139</u>	<u>18,679</u>

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

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Selling and administrative expenses	4,241	3,319	2,705	1,931
Total expenses recognised in profit or loss	4,241	3,319	2,705	1,931

The Company and its subsidiaries expect to pay Baht 18 million of long-term employee benefits during the next year (Separate financial statements: Baht 10 million) (2016: Baht 16 million, separate financial statements: Baht 9 million).

As at 31 March 2017, the weighted average duration of the liabilities for long-term employee benefit of monthly and daily employee are 6 - 19 years and 6 - 20 years (Separate financial statements: 10 years and 15 years) (31 March 2016: 7 - 16 years and 11 - 17 years (Separate financial statements: 10 years and 17 years)).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: Percent per annum) Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.43 - 3.48	2.40 - 3.34	2.71 - 3.48	2.57 - 3.34
Salary increase rate	4.00 - 5.00	4.00 - 5.00	4.00 - 5.00	4.00 - 5.00
Turnover rate	0 - 58	0 - 54	0 - 58	0 - 54

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 March 2017 are summarised below:

	Consolidated financial		(Unit: Million Baht) Separate financial	
	statements		statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(0.7)	0.8	(0.4)	0.5
Salary increase rate	0.8	(0.7)	0.5	(0.4)
Turnover rate	(0.7)	0.8	(0.5)	0.5

22. Statutory reserve

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

23. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary and wages and other employee benefits	182,975	178,490	107,999	104,528
Depreciation	82,743	91,514	45,116	38,766
Amortisation	161	140	104	44
Raw materials used	1,727,403	1,866,126	1,176,583	1,353,933
Consumables used	35,884	39,854	29,622	32,611
Purchase of finished goods	670,679	688,844	-	-
Changes in inventories of finished goods	(9,838)	64,093	(26,128)	61,887
Reduce cost (reversal) of inventories to net realisable value	(1,901)	2,660	1,635	1,698

24. Corporate income tax

Income tax expenses for the years ended 31 March 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	55,036	35,201	18,115	8,752
Deferred tax:				
Relating to origination and reversal of temporary differences	(719)	(1,747)	(827)	(961)
Effects of changes in the applicable tax rates	-	(50)	-	-
Income tax expenses reported in the statement of comprehensive income	54,317	33,404	17,288	7,791

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial losses (gain)	(612)	1,031	(423)	711

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit before tax	273,310	160,120	173,148	114,275
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	54,662	32,024	34,630	22,855
Effects of:				
Dividend income from subsidiaries	-	-	(16,579)	(15,725)
Bad debt recoveries	(150)	(125)	(150)	(125)
Non-deductible expenses	702	1,773	595	786
Tax-exempt revenues	(17)	-	-	-
Additional expense deductions allowed	(1,210)	-	(1,208)	-
Others	330	(268)	-	-
Total	(345)	1,380	(17,342)	(15,064)
Income tax expenses reported in the statement of comprehensive income	54,317	33,404	17,288	7,791

The components of deferred tax assets for the years ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	1,749	1,449	381	396
Allowance for diminution in value of inventories	11,056	11,437	9,020	8,693
Provision for long-term employee benefits	6,214	6,003	3,828	3,736
Unused tax losses	2,582	2,605	-	-
Total	21,601	21,494	13,229	12,825

25. Promotional privileges

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

A subsidiary has received promotional privileges from the Board of Investment for the manufacture of stainless steel tubes, pursuant to the promotion certificate No. 1407(2)/2548 issued on 23 March 2005. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 7 years from the date the promoted activity commenced generating revenues (ended in June 2013), and any losses incurred during the corporate income tax exemption period may be carried forward to be utilised by the subsidiary as a deduction against net income of future years, for up to 5 years after the expiry of the tax exemption period. In addition, the privileges include an exemption from income tax on dividends received from promoted operations which have been granted corporate income tax exemption, throughout the period for which the tax exemption privilege is granted.

26. Earnings per share

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

27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Managing Director.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and operate 2 segments as follows:

- Production and distribution
- Procurement and distribution.

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

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

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

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 March 2017 and 2016, respectively.

(Unit: Million Baht)

	For the year ended 31 March 2017				Consolidated
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	
Revenue from external customers	2,382	818	3,200	-	3,200
Inter-segment revenue	68	1	69	(69)	-
Total revenues	2,450	819	3,269	(69)	3,200
Segment profit	327	99	426	-	426
Other income					26
Finance cost					(8)
Selling expenses					(68)
Administrative expenses					(105)
Interest in the profit of associate accounted for by the equity method					2
Income tax expenses					(54)
Profit for the year					219
Segment total assets	2,271	399	2,670	(399)	2,271
Investment in associate accounted for by the equity method	11	-	11	-	11
Additions to non-current assets other than financial instruments and deferred tax assets	(65)	(3)	(68)	(3)	(71)

(Unit: Million Baht)

	For the year ended 31 March 2016				
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
Revenue from external customers	2,382	795	3,177	-	3,177
Inter-segment revenue	102	-	102	(102)	-
Total revenues	2,484	795	3,279	(102)	3,177
Segment profit	239	79	318	-	318
Other income					30
Finance cost					(15)
Selling expenses					(75)
Administrative expenses					(99)
Interest in the profit of associate accounted for by the equity method					1
Income tax expenses					(33)
Profit for the year					127
Segment total assets	2,196	428	2,624	(407)	2,217
Investment in associate accounted for by the equity method	9	-	9	-	9
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	43	(1)	42	-	42

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

Major customers

For the year 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

28. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 4 million (2016: Baht 3 million) (Separate financial statements: Baht 2 million (2016: Baht 2 million)) were recognised as expenses.

29. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Payment date
Final dividends for 2016	Annual General Meeting of the shareholders on 28 July 2016	53.62	0.14	11 August 2016
Interim dividends for 2017	The Board of Directors Meeting on 11 November 2016	53.62	0.14	9 December 2016
Total dividends paid during the year ended 31 March 2017		107.24	0.28	
Final dividends for 2015	Annual General Meeting of the shareholders on 28 July 2015	38.30	0.10	11 August 2015
Interim dividends for 2016	The Board of Directors Meeting on 16 November 2015	38.30	0.10	15 December 2015
Total dividends paid during the year ended 31 March 2016		76.60	0.20	

30. Commitments and contingent liabilities

30.1 Operating lease commitments

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

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

	(Unit: Million Baht)	
	As at 31 March	
	2017	2016
Payable:		
In up to 1 year	3	1
In over 1 and up to 5 years	4	-

30.2 Service commitment

As at 31 March 2017, the Company and a subsidiary had commitments of Baht 6 million relating to a technical assistance agreement and other service agreements (2016: Baht 10 million).

30.3 Other commitments

As at 31 March 2017, the Company had outstanding commitments of Baht 3.25 million (2016: Baht 3.25 million) in respect of uncalled portion of investment in a subsidiary.

30.4 Guarantees

As at 31 March 2017, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 350 million (2016: Baht 320 million).

30.5 Credit facilities

As at 31 March 2017, the Company and its subsidiaries have been granted credit facilities by various banks for which they have placed collaterals as follows:-

The Company

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 1,461 million, of which totaling Baht 65 million (2016: Baht 232 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machineries.
- Overdraft facilities of Baht 30 million have not yet been utilised (2016: Nil). These credit facilities are secured by the mortgage of the Company's land with structures thereon, machineries and the fixed deposits.
- Forward foreign exchange contract facilities of Baht 1,000 million, of which Baht 33 million (2016: Baht 48 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machineries.

A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 300 million, of which Baht 4 million (2016: Baht 4 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machineries.
- Overdraft facilities of Baht 10 million have not yet been utilised (2016: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon.
- Forward foreign exchange contract facilities of Baht 200 million of which Baht 2 million (2016: Baht 1 million) of the utilised amounts are outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machineries.

A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 506 million, of which Baht 28 million (2016: Baht 68 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's unit of condominium which is the subsidiary's office, fixed deposit accounts and a guarantee provided by the Company.
- Overdraft facilities of Baht 60 million have not yet been utilised (2016: Nil). These credit facilities are secured by fixed deposit accounts and a guarantee provided by the Company.
- Forward foreign exchange contract facilities, comprising USD 11.7 million (equivalent to Baht 404 million) and Baht 115 million, or a total approximately Baht 519 million, of which USD 0.1 million (equivalent to Baht 4 million) (2016: USD 0.8 million (equivalent to Baht 29 million)) of the utilised amount are outstanding.

A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 22 million, have not yet been utilised (2016: Nil). These credit facilities are secured by the parent company.
- Overdraft facilities of Baht 5 million have not yet been utilised (2016: Nil). These credit facilities are secured by the parent company.

- Forward foreign exchange contract facilities of Baht 30 million have not yet been utilised (2016: Nil). These credit facilities are secured by parent company.

31. Fair value hierarchy

As at 31 March 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements as at 31 March 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	-	21.4	-	21.4
Available-for-sale investments	2.7	-	-	2.7
Liabilities for which fair value is disclosed				
Derivatives				
Foreign currency forward contracts	-	0.9	-	0.9

(Unit: Million Baht)

Consolidated Financial Statements as at 31 March 2016				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	-	4.5	-	4.5
Available-for-sale investments	3.2	-	-	3.2
Liabilities for which fair value is disclosed				
Derivatives				
Foreign currency forward contracts	-	1.1	-	1.1

(Unit: Million Baht)

Separate Financial Statements as at 31 March 2017				
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.7	-	0.7

(Unit: Million Baht)

Separate Financial Statements as at 31 March 2016				
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.7	-	0.7

32. Financial instruments

32.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2017

	Fixed interest rate				Total	Effective interest rate (% p.a.)
	Within		Floating interest rate	Non-interest bearing		
	1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	2	-	9	226	237	0.37 - 0.85
Current investments	-	-	-	21	21	-
Trade and other receivables	-	-	-	680	680	-
Restricted bank deposits	46	-	-	-	46	0.65 - 1.00
Long-term investment	-	-	-	3	3	-
	<u>48</u>	<u>-</u>	<u>9</u>	<u>930</u>	<u>987</u>	
Financial liabilities						
Short-term loans from banks	54	-	-	-	54	3.50 - 3.75
Trade and other payables	-	-	-	532	532	-
Financial lease payables	1	-	-	-	1	12.40
	<u>55</u>	<u>-</u>	<u>-</u>	<u>532</u>	<u>587</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2016

	Fixed interest rate				Total	Effective interest rate (% p.a.)
	Within		Floating interest rate	Non-interest bearing		
	1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	2	-	7	169	178	0.38 - 1.00
Current investments	-	-	-	5	5	-
Trade and other receivables	-	-	-	762	762	-
Restricted bank deposits	47	-	-	-	47	0.80 - 1.10
Long-term investment	-	-	-	3	3	-
	<u>49</u>	<u>-</u>	<u>7</u>	<u>939</u>	<u>995</u>	
Financial liabilities						
Short-term loans from banks	253	-	-	-	253	2.75 - 3.75
Trade and other payables	-	-	-	363	363	-
Financial lease payables	4	1	-	-	5	5.96 - 12.40
	<u>257</u>	<u>1</u>	<u>-</u>	<u>363</u>	<u>621</u>	

(Unit: Million Baht)

Separate financial statements as at 31 March 2017

	Fixed interest rate			Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	Floating interest rate			
Financial assets						
Cash and cash equivalents	2	-	3	15	20	0.37 - 0.85
Trade and other receivables	-	-	-	350	350	-
Restricted bank deposits	6	-	-	-	6	0.65 - 0.90
	<u>8</u>	<u>-</u>	<u>3</u>	<u>365</u>	<u>376</u>	
Financial liabilities						
Short-term loans from banks	26	-	-	-	26	3.50 - 3.75
Trade and other payables	-	-	-	349	349	-
Financial lease payables	1	-	-	-	1	12.40
	<u>27</u>	<u>-</u>	<u>-</u>	<u>349</u>	<u>376</u>	

(Unit: Million Baht)

Separate financial statements as at 31 March 2016

	Fixed interest rate			Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	Floating interest rate			
Financial assets						
Cash and cash equivalents	2	-	4	23	29	0.38 - 1.00
Trade and other receivables	-	-	-	402	402	-
Restricted bank deposits	6	-	-	-	6	1.10
	<u>8</u>	<u>-</u>	<u>4</u>	<u>425</u>	<u>437</u>	
Financial liabilities						
Short-term loans from banks	181	-	-	-	181	3.46 - 3.75
Trade and other payables	-	-	-	210	210	-
Financial lease payables	4	1	-	-	5	5.96 - 12.40
	<u>185</u>	<u>1</u>	<u>-</u>	<u>210</u>	<u>396</u>	

Foreign currency risk

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

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 March		as at 31 March		as at 31 March	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.1	0.2	0.9	0.5	34.41	35.24
Japanese Yen	0.5	0.5	2.0	3.2	0.3073	0.3134
SG Dollar	-	-	0.1	0.01	24.93	26.09

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

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<u>As at 31 March 2017</u>				
US Dollar	1.0	-	35.07 - 35.47	-
SG Dollar	0.1	-	25.0940	-
<u>As at 31 March 2016</u>				
US Dollar	2.2	-	34.85 - 36.22	-
Japanese Yen	3.2	-	0.3136	-

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and financial liabilities are short-term in nature, their fair values are not expected to be materially different from the amounts presented in the statements of financial position. However, the Company and its subsidiaries estimated fair value of derivatives, their fair value has been determined by using a discounted future cash flows model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries considered counterparty credit risk when determining the fair value of derivatives.

The estimated fair value of the derivatives is as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Fair value	Fair value	Fair value	Fair value
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
Derivatives				
Forward exchange contracts	(0.9)	(1.1)	(0.7)	(0.7)

33. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholders value. As at 31 March 2017, the Company and its subsidiaries' total debt-to-equity ratio was 0.41:1 (2016: 0.44:1) and the Company's total debt-to-equity ratio was 0.35:1 (2016: 0.37:1).

34. Event after the reporting period

- 34.1 On 19 May 2017, the meeting of Board of Directors of Auto Metal Company Limited (a subsidiary) No. 3/2017 passed a resolution to propose an approval by the Annual General Meeting of its shareholders, of the dividend payment to the subsidiary's shareholders of Baht 40 per share, or totaling Baht 96.0 million from its net operating profit for the year ended 31 March 2017. However, by the resolution of the meeting of the subsidiary's Board of Directors No. 4/2016 held on 10 November 2016, the subsidiary paid out the interim dividend of Baht 18 per share, for 2.4 million ordinary shares, to the subsidiary's shareholders totaling Baht 43.2 million on 29 November 2016. The remaining dividend is Baht 22 per share, or totaling Baht 52.8 million.
- 34.2 On 22 May 2017, the meeting of the Board of Directors of NSC Metal Company Limited (a subsidiary) passed a resolution to propose an approval by the Annual General Meeting of its shareholders, of the dividend payment to the subsidiary's shareholders of Baht 15 per share, or totaling Baht 34.50 million, from its net operating profit for the year ended 31 March 2017. However, by the resolution of the meeting of the subsidiary's Board of Directors held on 10 November 2016, the subsidiary paid out the interim dividend of Baht 6.50 per share, or totaling Baht 14.95 million, on 29 November 2016. The remaining dividend is Baht 8.50 per share, or totaling Baht 19.55 million.
- 34.3 On 29 May 2017, the meeting of the Company's Board of Directors No. 2/2017 passed a resolution to propose an approval by the Annual General Meeting of its shareholders, of the dividend payment to the Company's shareholders of Baht 0.34 per share from its net operating profit for the year ended 31 March 2017. However, by the resolution of the meeting of the Company's Board of Directors No. 4/2016 held on 19 November 2016, the Company paid out the interim dividend of Baht 0.14 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 53.62 million on 9 December 2016. The remaining dividend is Baht 0.20 per share, or totaling Baht 76.60 million.

35. Approval of consolidated financial statements

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 29 May 2017.