

Lohakit Metal Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 March 2018

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 2018, 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

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

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

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

Allowance for diminution in value of inventories

As at 31 March 2018, the Group had outstanding inventories of Baht 663 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.

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

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Gingkarn Atsawarangsalit
Certified Public Accountant (Thailand) No. 4496

EY Office Limited
Bangkok: 28 May 2018

Lohakit Metal Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 March 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	338,022,776	273,309,868	211,351,526	173,148,217
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Depreciation	70,353,971	82,743,400	42,879,589	45,115,790
Amortisation	197,131	161,862	138,892	103,621
Allowance for doubtful accounts (reversal)	(3,236,535)	749,127	(810,000)	(825,000)
Reduction of inventories to net realisable value (reversal)	(8,992,081)	(1,901,138)	(9,438,523)	1,635,431
Loss (gain) on sale of investments	405,800	(22,642)	-	-
Unrealised gain on change in current investments	(19,220)	(24,748)	-	-
Gain on sale of equipment	(7,093,020)	(3,969,341)	(4,420,130)	(5,615,064)
Movements in provision for long-term employee benefits	3,836,225	4,241,142	2,437,005	2,704,460
Unrealised gain on foreign exchange	(53,431)	(358,943)	(53,431)	(349,269)
Share of profit from investment in associate	(1,436,845)	(1,659,267)	-	-
Dividend income	(357,474)	(176,955)	(102,039,632)	(82,894,710)
Interest income	(756,900)	(842,495)	(99,755)	(94,460)
Interest expenses	3,704,694	6,701,727	2,246,420	4,412,832
Income from operating activities before changes in operating assets and liabilities	394,575,091	358,951,597	142,191,961	137,341,848
Decrease (increase) in operating assets				
Trade and other receivables	(22,973,489)	81,627,427	14,420,572	53,527,539
Inventories	138,383,176	(126,455,653)	122,083,903	(143,721,169)
Other current assets	2,473,325	(740,602)	2,057,865	(270,555)
Other non-current assets	116,000	(198,090)	(14,000)	(134,090)
Increase (decrease) in operating liabilities				
Trade and other payables	31,977,258	169,592,468	(11,652,122)	140,126,176
Other current liabilities	2,094,990	(4,818,798)	479,353	(2,845,578)
Cash paid for long-term employee benefits	-	(130,950)	-	(130,950)
Cash flows from operating activities	546,646,351	477,827,399	269,567,532	183,893,221
Cash paid for interest expenses	(3,729,055)	(6,937,323)	(2,270,781)	(4,628,805)
Cash paid for income tax	(62,464,271)	(40,710,861)	(19,367,089)	(11,748,327)
Net cash flows from operating activities	480,453,025	430,179,215	247,929,662	167,516,089

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash paid for purchasing investment in a subsidiary	(1,250,100)	-	(1,250,100)	-
Cash paid for purchasing current investments	-	(22,900,000)	-	-
Decrease (increase) in restricted deposits	(200,000)	520,000	(200,000)	(380,000)
Cash paid for acquisitions of machinery and equipment	(35,042,886)	(13,671,063)	(18,134,695)	(4,389,654)
Proceeds from sales of current investments	16,855,262	6,100,000	-	-
Cash received from dividends	357,474	176,955	102,039,632	82,894,710
Proceeds from sale of machinery and equipment	8,230,366	5,104,673	5,557,469	11,136,449
Cash received from interest income	758,054	829,541	99,755	94,460
Net cash flows from (used in) investing activities	(10,291,830)	(23,839,894)	88,112,061	89,355,965
Cash flows from financing activities				
Decrease in short-term loans from banks	(17,720,625)	(199,390,294)	(26,035,879)	(154,925,395)
Repayment of financial lease payables	(1,167,521)	(3,479,708)	(1,167,521)	(3,479,708)
Dividend paid	(199,760,368)	(143,720,291)	(153,200,000)	(107,240,000)
Net cash flows used in financing activities	(218,648,514)	(346,590,293)	(180,403,400)	(265,645,103)
Effect of exchange rate to cash and cash equivalents	8,270	59,928	8,270	59,928
Net increase (decrease) in cash and cash equivalents	251,520,951	59,808,956	155,646,593	(8,713,121)
Cash and cash equivalents at beginning of year	237,452,102	177,643,146	20,103,980	28,817,101
Cash and cash equivalents at end of year (Note 8)	488,973,053	237,452,102	175,750,573	20,103,980
	-	-	-	-
Supplemental cash flows information				
Non-cash items:				
Actuarial loss (gain) for long-term employee benefits	1,599,694	(3,059,642)	1,024,684	(2,113,812)
Increase (decrease) in revaluation surplus in investments				
in available-for-sale securities	777,779	(429,718)	-	-

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 2018

1. General information

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

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			(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	
			2018	2017
			(Percent)	(Percent)
Alternative EnMat Company Limited	Distribution of metal and non-ferrous metal products	Thailand	100	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 and associates under the cost method.

3. New financial reporting standards that became effective in the current year

During the year, the Company and subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are become 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

4. Financial reporting standard 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 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosure in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

And during the year, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement,

taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

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

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

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

5.5 Investments

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

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

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

5.6 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.

5.7 Borrowing costs

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

5.8 Intangible assets

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

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

5.9 Related party transactions

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

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

5.10 Long-term leases

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

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

5.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

5.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

5.14 Provisions

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

5.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.16 Fair value measurement

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

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

Level 1 Use of quoted market prices in an active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

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

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		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods and service income	-	-	56,849	66,503	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		
	2018	2017	2018	2017	
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	-	-	102,040	82,895	As approved by shareholders' meeting
Purchases of goods and services	-	-	1,141	2,324	Market price
Sales of fixed assets	-	-	1,005	7,300	Accordance with the negotiation price
<u>Transactions with related companies</u>					
Other service income	240	265	240	265	Fixed fee per month
Commission fee	7,711	6,243	-	-	Not over 2% of sales
Purchases of fixed assets	4,707	-	-	-	Close to the market price

As at 31 March 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties (Note 10)</u>				
Subsidiaries	-	-	2,572	1,311
<u>Other payables - related parties (Note 19)</u>				
Associate	1,985	1,663	-	-

Directors and management's benefits

During the years ended 31 March 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Short-term employee benefits	54,893	51,766	32,725	32,739
Post-employment benefits	1,748	960	904	547
Total	56,641	52,726	33,629	33,286

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Cash	105	120	45	60
Bank deposits	488,868	237,332	175,706	20,044
Total	488,973	237,452	175,751	20,104

As at 31 March 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.37 and 0.90 percent per annum (2017: 0.37 and 0.85 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2018		2017	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	4,828	4,852	21,323	21,352
Total trading securities	4,828	4,852	21,323	21,352
Add: Changes in fair value	24		29	
Total trading securities	4,852		21,352	

As at 31 March 2018 and 2017, 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	financial statements	financial statements
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties (Note 7)</u>				
Aged on the basis of due dates				
Not yet due	-	-	1,447	598
Past due				
Not over 3 months	-	-	1,125	733
Total trade receivables - related parties	-	-	2,572	1,331
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	559,700	541,556	270,739	281,516
Past due				
Not over 3 months	143,766	136,623	61,663	66,734
Over 3 months but less than 12 months	2,088	1,157	1,065	-
Over 12 months	9,922	24,616	5,928	17,954
Total	715,476	703,952	339,395	366,204
Less: Allowance for doubtful accounts	(10,127)	(24,794)	(5,927)	(17,954)
Total trade receivables - unrelated parties, net	705,349	679,158	333,468	348,250
Total trade receivables - net	705,349	679,158	336,040	349,581
<u>Other receivables</u>				
Other receivables	637	619	-	70
Interest receivables	49	50	-	-
Total other receivables	686	669	-	70
Total trade and other receivables - net	706,035	679,827	336,040	349,651

During the year ended 31 March 2018, certain trade accounts receivable of the Company and a subsidiary, amounting to Baht 11 million, were written-off as bad debt (2017: Baht 4 million).

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
	Finished goods	444,600	435,983	(38,526)	(46,368)	406,074
Raw materials	230,621	386,197	(7,765)	(8,915)	222,856	377,282
Supplies	22,098	23,934	-	-	22,098	23,934
Goods in transit	12,290	1,878	-	-	12,290	1,878
Total	709,609	847,992	(46,291)	(55,283)	663,318	792,709

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
	Finished goods	206,990	218,214	(27,899)	(36,187)	179,091
Raw materials	183,829	304,466	(7,765)	(8,915)	176,064	295,551
Supplies	11,922	13,013	-	-	11,922	13,013
Goods in transit	12,290	1,422	-	-	12,290	1,422
Total	415,031	537,115	(35,664)	(45,102)	379,367	492,013

During the current year, the Company and its subsidiaries reversed the reduction of cost of inventories by Baht 9 million (2017: reversed the reduction of Baht 2 million) (Separate financial statements: reversed the reduction of Baht 9 million (2017: 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 2018, the Company and its subsidiary have deposits with banks of Baht 46 million (2017: Baht 46 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	
					Cost method		Carrying amount based on equity method	
					2018	2017	2018	2017
			(%)	(%)				
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	12,426	10,989

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	
	2018	2017	2018	2017
Mory Lohakit (Thailand) Co., Ltd.	1,437	1,659	-	-

13.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

	2018	2017
Current assets	26.3	22.8
Non-current assets	0.1	0.4
Current liabilities	(0.6)	(0.6)
Non-current liabilities	(0.4)	(0.1)
Net assets	25.4	22.5
Shareholding percentage (%)	49.0	49.0
Share of net assets	12.4	11.0
Carrying amounts of associates based on equity method	12.4	11.0

Summarised information of comprehensive income

	(Unit: Million Baht)	
	For the years ended	
	31 March	
	2018	2017
Revenue	8.1	6.3
Profit	2.9	3.4
Total comprehensive income	2.9	3.4

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	Paid-up capital		Shareholding percentage		Cost method	
	2018	2017	2018	2017	2018	2017
	(Million Baht)	(Million Baht)	(%)	(%)		
Auto Metal Company Limited	240	240	60	60	144,000	144,000
Alternative EnMat Company Limited	6	6	100	75	5,499	4,249
NSC Metal Company Limited	230	230	100	100	258,238	258,238
Total					<u>407,737</u>	<u>406,487</u>

On 7 November 2017, the Company's Board of Directors Meeting passed a resolution to approve to purchase ordinary shares of Alternative EnMat Company Limited (Subsidiary), from non-controlling interest of the subsidiary, 25,000 ordinary shares with par value of Baht 100 each (2 ordinary shares, fully paid, and 24,998 ordinary shares, 50 percent paid-up) at the amount of Baht 1.25 million. Accordingly, the shareholding percentage of the Company increased to 100 percent interest in the subsidiary.

14.2 Dividend income

(Unit: Thousand Baht)

Company's name	2018	2017
Auto Metal Company Limited	69,840	54,720
NSC Metal Company Limited	32,200	28,175
Total	102,040	82,895

Auto Metal Company Limited

On 20 June 2017, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 22 per share, or totaling Baht 52.8 million to the shareholders from the operating profit for the year ended 31 March 2017. The dividend was paid on 27 June 2017.

On 6 November 2017, the meeting of Board of Directors of Auto Metal Company Limited No. 5/2017 passed a resolution to approve the payment of an interim dividend of Baht 26.50 per share, or totaling Baht 63.6 million to the subsidiary's shareholders from the net operating profit from 1 April 2017 to 30 September 2017. The dividend was paid on 28 November 2017.

NSC Metal Company Limited

On 20 June 2017, the Annual General Meeting of the shareholders of NSC Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 8.50 per share, or totaling Baht 19.55 million from the operating profit for the year ended 31 March 2017. The dividend was paid on 27 June 2017.

On 6 November 2017, the meeting of Board of Directors of NSC Metal Company Limited No. 4/2017 passed a resolution to approve the payment of an interim dividend of Baht 5.50 per share, or totaling Baht 12.65 million to the subsidiary's shareholders from the net operating profit from 1 April 2017 to 30 September 2017. The dividend was paid on 28 November 2017.

15. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2018		2017	
	Cost	Fair value	Cost	Fair value
<u>Investment in marketable unit classified as available-for-sale securities</u>				
Investment units in property fund	-	-	3,185	2,730
Unit trust in freehold and leasehold real estate	2,442	2,765	-	-
Total available-for-sale securities	2,442	2,765	3,185	2,730
Add (less): Changes in fair value	323		(455)	
Total available-for-sale securities	2,765		2,730	

As at 20 December 2017, a subsidiary had investment in TPark Logistics Property Fund (TLOGIS) which was converted into TICON Freehold and Leasehold Real Estate Investment Trust (TREIT). Then the subsidiary received unit trusts, capital recovery and dividend from the conversion. As of conversion date, the balance of surplus (deficit) on changes in value of available for-sale was reclassified to profit or loss of the subsidiary.

As at 22 March 2018, a subsidiary had investment in TICON Freehold and Leasehold Real Estate Investment Trust (TREIT) which had reduced fund register capital and paid the capital reduction.

16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and improvement fixture	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost							
1 April 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
Acquisitions	-	-	4,206	458	15,842	14,536	35,042
Disposals	-	-	(10,074)	(1,419)	(16,932)	-	(28,425)
Transfer in (out)	-	-	8,646	-	5,083	(13,729)	-
31 March 2018	140,446	320,985	864,501	16,998	84,433	2,445	1,429,808
Accumulated depreciation							
1 April 2015	-	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
Depreciation for the year	-	10,916	46,734	997	11,707	-	70,354
Depreciation for disposals	-	-	(10,069)	(1,419)	(15,800)	-	(27,288)
31 March 2018	-	181,697	765,050	15,341	55,651	-	1,017,739
Net book value							
31 March 2017	140,446	150,204	133,338	2,196	20,696	1,638	448,518
31 March 2018	140,446	139,288	99,451	1,657	28,782	2,445	412,069
Depreciation for the year							
2017 (Baht 75 million included in manufacturing cost, and the balance in selling and administrative expenses)							82,743
2018 (Baht 62 million included in manufacturing cost, and the balance in selling and administrative expenses)							70,354

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and improvement	Buildings and improvement fixture	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	
Cost							
1 April 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
Acquisitions	-	-	2,492	219	2,513	12,910	18,134
Disposals	-	-	(10,074)	(1,419)	(9,863)	-	(21,356)
Transfer in (out)	-	-	8,646	-	3,457	(12,103)	-
31 March 2018	94,745	184,196	492,784	8,956	49,698	2,445	832,824
Accumulated depreciation							
1 April 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
Depreciation for the year	-	4,298	30,573	700	7,309	-	42,880
Depreciation for disposals	-	-	(10,069)	(1,419)	(8,731)	-	(20,219)
31 March 2018	-	116,476	405,980	7,877	38,228	-	568,561
Net book value							
31 March 2017	94,745	72,018	106,244	1,560	13,941	1,638	290,146
31 March 2018	94,745	67,720	86,804	1,079	11,470	2,445	264,263
Depreciation for the year							
2017 (Baht 39 million included in manufacturing cost, and the balance in selling and administrative expenses)							45,116
2018 (Baht 39 million included in manufacturing cost, and the balance in selling and administrative expenses)							42,880

As at 31 March 2017, the Company and a subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 1 million (2018: Nil) (Separate financial statements: Baht 1 million (2018: Nil)).

As at 31 March 2018, the Company and its subsidiaries have certain equipment items which have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 789 million (2017: Baht 725 million) (Separate financial statements: Baht 453 million, (2017: Baht 451 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	
	2018	2017	2018	2017
Cost	282	306	173	197
Net book value	-	-	-	-

17. Intangible assets

The net book value of intangible assets which are computer software as at 31 March 2018 and 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cost	14,050	15,285	11,053	12,288
Less: Accumulated amortisation	(13,485)	(14,523)	(10,645)	(11,741)
Net book value	565	762	408	547

A reconciliations of the net book value of intangible assets for the years 2018 and 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	762	433	547	159
Acquisitions during the year	-	491	-	491
Amortisation	(197)	(162)	(139)	(103)
Net book value at end of year	565	762	408	547

18. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2018	2017	2018	2017	2018	2017
Short-term loans from banks	1.9	3.55	1,121	5,000	-	5,000
Trust receipts	3.5	3.50 - 3.75	34,721	48,563	-	21,036
Total			35,842	53,563	-	26,036

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	
	2018	2017	2018	2017
Trade accounts payable - unrelated parties	546,832	512,838	329,579	339,211
Other payables - unrelated parties	13,441	15,820	7,152	9,259
Other payables - related party (Note 7)	1,985	1,663	-	-
Accrued commission expenses - unrelated parties	42	18	42	18
Accrued expenses	1,501	1,555	816	824
Total	563,801	531,894	337,589	349,312

20. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	-	1,178	-	1,178
Less: Deferred interest expenses	-	(10)	-	(10)
Total	-	1,168	-	1,168
Less: Portion due within one year	-	(1,168)	-	(1,168)
Liabilities under finance lease agreements - net of current portion	-	-	-	-

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

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	-	-	-	1,178	-	1,178
Deferred interest expenses	-	-	-	(10)	-	(10)
Present value of future minimum lease payments	-	-	-	1,168	-	1,168

(Unit: Thousand Baht)

	Separate financial statements					
	2018			2017		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	-	-	-	1,178	-	1,178
Deferred interest expenses	-	-	-	(10)	-	(10)
Present value of future minimum lease payments	-	-	-	1,168	-	1,168

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	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	31,069	30,018	19,139	18,679
Included in profit or loss:				
Current service cost	2,907	3,368	1,868	2,169
Interest cost	929	873	569	536
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	1,281	(2,285)	751	(1,515)
Financial assumptions changes	340	(265)	62	(150)
Experience adjustments	(22)	(509)	242	(449)
Total	1,599	(3,059)	1,025	(2,114)
Benefits paid during the year	-	(131)	-	(131)
Provision for long-term employee benefits at end of year	36,504	31,069	22,601	19,139

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Selling and administrative expenses	3,836	4,241	2,437	2,705
Total expenses recognised in profit or loss	3,836	4,241	2,437	2,705

The Company and its subsidiaries expect to pay Baht 19 million of long-term employee benefits during the next year (Separate financial statements: Baht 11 million) (2017: Baht 18 million, separate financial statements: Baht 10 million).

As at 31 March 2018, the weighted average duration of the liabilities for long-term employee benefit of monthly and daily employee are 6 - 15 years and 5 - 19 years (Separate financial statements: 10 years and 13 years) (31 March 2017: 6 - 19 years and 6 - 20 years (Separate financial statements: 10 years and 15 years)).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.03 - 3.08	2.43 - 3.48	2.65 - 2.81	2.71 - 3.48
Salary increase rate	4.00 - 5.00	4.00 - 5.00	4.00 - 5.00	4.00 - 5.00
Turnover rate	0 - 56	0 - 58	0 - 56	0 - 58

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 March 2018 are summarised below:

	(Unit: Million Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(0.9)	1.0	(0.6)	0.6
Salary increase rate	1.0	(0.9)	0.6	(0.5)
Turnover rate	(0.9)	1.0	(0.6)	0.6

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	
	2018	2017	2018	2017
Salary and wages and other employee benefits	192,720	182,975	109,852	107,999
Depreciation	70,354	82,743	42,880	45,116
Amortisation	197	161	139	104
Raw materials used	2,018,724	1,727,403	1,331,440	1,176,583
Consumables used	36,547	35,884	29,019	29,622
Purchase of finished goods	656,247	670,679	-	-
Changes in inventories of finished goods	(8,616)	(9,838)	11,224	(26,128)
Reduce cost (reversal) of inventories to net realisable value	(8,992)	(1,901)	(9,439)	1,635

24. Corporate income tax

Income tax expenses for the years ended 31 March 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	63,922	55,036	20,151	18,115
Deferred tax:				
Relating to origination and reversal of temporary differences	4,024	(719)	1,412	(827)
Income tax expenses reported in the statement of comprehensive income	67,946	54,317	21,563	17,288

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 March 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax on actuarial losses (gain)	320	(612)	205	(423)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit before tax	338,535	273,310	211,352	173,148
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	67,707	54,662	42,270	34,630
Effects of:				
Dividend income from subsidiaries	-	-	(20,408)	(16,579)
Bad debt recoveries	(150)	(150)	(150)	(150)
Non-deductible expenses	974	702	652	595
Tax-exempt revenues	(19)	(17)	-	-
Additional expense deductions allowed	(898)	(1,210)	(801)	(1,208)
Unused tax loss	476	-	-	-
Others	(144)	330	-	-
Total	239	(345)	(20,707)	(17,342)
Income tax expenses reported in the statement of comprehensive income	67,946	54,317	21,563	17,288

The components of deferred tax assets for the years ended 31 March 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	1,209	1,749	369	381
Allowance for diminution in value of inventories	9,258	11,056	7,133	9,020
Provision for long-term employee benefits	7,301	6,214	4,520	3,828
Unused tax losses	129	2,582	-	-
Total	17,897	21,601	12,022	13,229

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 on net income from the promoted business in an amount not exceeding the capital investment in the project, excluding land and working capital, for a period of 7 years from the date the promoted operations commenced generating revenues (expired in June 2013) and any losses incurred during the corporate income tax exemption period may be carried forward to be utilised by the Company as a deduction against net income of future years, for up to 5 years after the expiry of the tax exemption period. In addition, the privileges include an exemption from income tax on dividends received from promoted operations which have been granted corporate income tax exemption, throughout the period for which the tax exemption privilege is granted.

A subsidiary has received promotional privileges by the Board of Investment for the manufacture of stainless steel tubes, pursuant to the promotion certificate No. 61-0357-1-04-1-0 for a project to improve the efficiency of the production of alternative energy pursuant to promotion certificate No. 1407(2)/2548 issued on 29 March 2018. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on net income from the promoted business in an amount not exceeding 50% of the capital investment in the project to improve production efficiency, excluding land and working capital, for a period of 3 years from the date the promoted operations commenced generating revenues and any losses incurred during the corporate income tax exemption period may be carried forward to be utilised by the Company as a deduction against net income of future years, for up to 5 years after the expiry of the tax exemption period. In addition, the privileges include an exemption from income tax on dividends received from promoted operations which have been granted corporate income tax exemption, throughout the period for which the tax exemption privilege is granted.

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 2018 and 2017, respectively.

(Unit: Million Baht)

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

(Unit: Million Baht)

	For the year ended 31 March 2017				
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
Revenue from external customers	2,382	818	3,200	-	3,200
Inter-segment revenue	68	1	69	(69)	-
Total revenues	<u>2,450</u>	<u>819</u>	<u>3,269</u>	<u>(69)</u>	<u>3,200</u>
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					<u>219</u>
Segment total assets	1,871	399	2,270	1	<u>2,271</u>
Investment in associate accounted for by the equity method	11	-	11	-	<u>11</u>
Additions to non-current assets other than financial instruments and deferred tax assets	(65)	(3)	(68)	(3)	<u>(71)</u>

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

Major customers

For the year 2018 and 2017, 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 2018 amounting to approximately Baht 4 million (2017: Baht 4 million) (Separate financial statements: Baht 2 million (2017: 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 2017	Annual General Meeting of the shareholders on 27 July 2017	76.60	0.20	11 August 2017
Interim dividends for 2018	The Board of Directors Meeting on 7 November 2017	76.60	0.20	6 December 2017
Total dividends paid during the year ended 31 March 2018		153.20	0.40	
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	

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	
	2018	2017
Payable:		
In up to 1 year	3	3
In over 1 and up to 5 years	1	4

30.2 Service commitment

As at 31 March 2018, the Company and a subsidiary had commitments of Baht 6 million relating to a technical assistance agreement and other service agreements (2017: Baht 6 million).

30.3 Other commitments

As at 31 March 2018, the Company had outstanding commitments of Baht 4.5 million (2017: Baht 3.25 million) in respect of uncalled portion of investment in a subsidiary.

30.4 Guarantees

As at 31 March 2018, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 350 million (2017: Baht 350 million).

30.5 Credit facilities

As at 31 March 2018, 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 59 million (2017: Baht 65 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 (2017: 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 50 million (2017: Baht 33 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, have not yet been utilised (2017: Baht 4 million of the utilised amount were 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 (2017: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon.
- Forward foreign exchange contract facilities of Baht 200 million have not yet been utilised (2017: Baht 2 million of the utilised amounts were 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 35 million (2017: Baht 28 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 of which Baht 1 million of the utilised amount are outstanding (2017: 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 367 million) and Baht 115 million, or a total approximately Baht 482 million, of which USD 0.5 million (equivalent to Baht 17 million) (2017: USD 0.1 million (equivalent to Baht 4 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 (2017: Nil). These credit facilities are secured by the Company.
- Overdraft facilities of Baht 5 million have not yet been utilised (2017: Nil). These credit facilities are secured by the Company.

- Forward foreign exchange contract facilities of Baht 30 million have not yet been utilised (2017: Nil). These credit facilities are secured by the Company.

31. Fair value hierarchy

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

(Unit: Million Baht)

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

(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	-	38.3	-	38.3

(Unit: Million Baht)

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

(Unit: Million Baht)

Separate Financial Statements as at 31 March 2017				
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value is disclosed				
Derivatives				
Foreign currency forward contracts	-	32.7	-	32.7

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 2018

	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	-	15	472	489	0.37 - 0.90
Current investments	-	-	-	5	5	-
Trade and other receivables	-	-	-	706	706	-
Restricted bank deposits	46	-	-	-	46	0.65 - 1.00
Long-term investment	-	-	-	3	3	-
	<u>48</u>	<u>-</u>	<u>15</u>	<u>1,186</u>	<u>1,249</u>	
Financial liabilities						
Short-term loans from banks	36	-	-	-	36	1.9 - 3.5
Trade and other payables	-	-	-	565	565	-
	<u>36</u>	<u>-</u>	<u>-</u>	<u>565</u>	<u>601</u>	

(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)

Separate financial statements as at 31 March 2018

	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	-	2	172	176	0.37 - 0.90
Trade and other receivables	-	-	-	336	336	-
Restricted bank deposits	6	-	-	-	6	0.65 - 0.90
	8	-	2	508	518	
Financial liabilities						
Trade and other payables	-	-	-	338	338	-
	-	-	-	338	338	

(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
	8	-	3	365	376	
Financial liabilities						
Short-term loans from banks	26	-	-	-	26	3.55 - 3.75
Trade and other payables	-	-	-	349	349	-
Financial lease payables	1	-	-	-	1	12.40
	27	-	-	349	376	

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	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	0.1	0.1	1.7	0.9	31.19	34.41
Japanese Yen	0.5	0.5	-	2.0	0.2893	0.3073
SG Dollar	-	-	0.1	0.1	24.10	24.93

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 2018</u>				
US Dollar	2.1	-	31.20 - 32.17	
<u>As at 31 March 2017</u>				
US Dollar	1.1	-	35.07 - 35.47	
SG Dollar	0.1	-	25.0940	

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 2018	31 March 2017	31 March 2018	31 March 2017
	Fair value	Fair value	Fair value	Fair value
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
Derivatives				
Forward exchange contracts	(1.6)	(0.9)	(1.3)	(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 2018, the Company and its subsidiaries' total debt-to-equity ratio was 0.40:1 (2017: 0.41:1) and the Company's total debt-to-equity ratio was 0.31:1 (2017: 0.35:1).

34. Events after the reporting period

34.1 On 23 May 2018, the meeting of the Board of Directors of NSC Metal Company Limited (a subsidiary) passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the subsidiary's shareholders of Baht 11 per share, or totaling Baht 25.3 million, from its net operating profit for the year ended 31 March 2018. However, by the resolution of the meeting of the subsidiary's Board of Directors held on 6 November 2017, the subsidiary had paid out the interim dividend of Baht 5.50 per share, or totaling Baht 12.65 million. The subsidiary already paid interim dividend on 28 November 2017. The remaining dividend is Baht 5.50 per share, or totaling Baht 12.65 million.

34.2 On 7 May 2018, the Extraordinary General Meeting of the shareholders of Auto Metal Company Limited (a subsidiary) No. 1/2018 approved the acquisition of land, plant and equipment of approximately Baht 135 million for the factory expansion purpose.

On 24 May 2018, the meeting of the Board of Directors of Auto Metal Company Limited (a subsidiary) No. 3/2018 passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the subsidiary's shareholders of Baht 54 per share, or totaling Baht 129.6 million from its net operating profit for the year ended 31 March 2018. However, by the resolution of the meeting of the subsidiary's Board of Directors No. 5/2017 held on 6 November 2017, the subsidiary had paid out the interim dividend of Baht 26.50 per share, for 2.4 million ordinary shares, to the subsidiary's shareholders totaling Baht 63.6 million on 28 November 2017. The remaining dividend is Baht 27.50 per share, or totaling Baht 66 million.

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

34.4 On 28 May 2018, the meeting of the Company's Board of Directors No. 3/2018 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 0.45 per share, or totaling Baht 172.35 million from its net operating profit for the year ended 31 March 2018. However, by the resolution of the meeting of the Company's Board of Directors No. 4/2017 held on 7 November 2017, the Company paid out the interim dividend of Baht 0.20 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 76.6 million on 6 December 2017. The remaining dividend is Baht 0.25 per share, or totaling Baht 95.75 million.

35. Approval of consolidated financial statements

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 May 2018.