

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

## **Notes to consolidated financial statements**

**For the year ended 31 March 2015**

### **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”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 (Percent)	2014 (Percent)
Auto Metal Company Limited	Production, smelting and assembly for all types of metal	Thailand	60	60
Alternative Stainless Company Limited	Distribution of metal products	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2015</u> (Percent)	<u>2014</u> (Percent)
NSC Metal Company Limited	Distribution of stainless steel, aluminum, brass, copper, zinc and galvanized steel products	Thailand	100	100

- b) 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.
  - c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
  - e) 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, which present investments in subsidiaries and associate presented under the cost method, have been prepared solely for the benefit of the public.

### 3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases

TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
Financial Reporting Standards:	
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
Accounting Standard Interpretations:	
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs
Financial Reporting Standard Interpretations:	
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. The above financial reporting standards do not have a significant impact to these financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting 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 accounting standards. However, some of these financial reporting standards involve changes to key principles, as discussed below:

**TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

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

**TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believe that this standard will not have any impact on the Company and its subsidiaries' financial statements.

### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

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

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

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

### *Rendering of services*

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

### *Interest income*

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

### *Dividends*

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

## **4.2 Cash and cash equivalents**

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

## **4.3 Trade accounts receivable**

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

## **4.4 Inventories**

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

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

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

## **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

- c) 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/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 profit or loss.

#### **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.

## **5. Significant accounting judgements and estimates**

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

### **Leases**

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

### **Allowance for doubtful accounts**

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

### **Allowance for diminution in value of inventories**

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

### **Property plant and equipment/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 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 liquidity, correlation and longer-term volatility of financial instruments.

### **Impairment of securities investments**

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

### **Deferred tax assets**

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

### **Post-employment benefits under defined benefit plans**

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

## **6. Related party transactions**

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

(Unit: Thousand Baht)

	For the years ended 31 March				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Sales of goods and service income	-	-	137,807	180,507	Sale of goods: Market price less discount 2%, and cost plus a margin at rate of 5% Service income: Closed to the market price
Rental income	-	-	1,008	-	Contract price that closed to the market price
Others service income	-	-	10,750	4,800	Accordance with the negotiation price
Dividend income	-	-	19,584	26,640	As approved by shareholders' meeting
Purchases of goods	-	-	280	2,712	Market price
Fixed assets acquisition	-	-	3,545	20,163	Accordance with the negotiation price
Commission expenses	-	-	64	71	Not over 2% of sales
<u>Transactions with related companies</u>					
Others service income	300	300	300	300	Fixed fee per month
Dividend income	-	-	-	4,900	As approved by shareholders' meeting
Commission expenses	5,619	6,010	-	-	Not over 2% of sales
Motor vehicle rental expenses	324	432	-	-	Contract price
<u>Transactions with related persons</u>					
Building rental expenses	1,240	2,975	-	-	Contract price that closed to the market price

As at 31 March 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Trade receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	14,632	34,737
<u>Trade and other payables - related parties (Note 18)</u>				
Associated company	1,552	1,717	-	-
Subsidiary	-	-	13	-
Total trade and other payables - related parties	1,552	1,717	13	-

### Directors and management's benefits

For the years ended 31 March 2015 and 2014, 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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	42,776	41,402	24,746	23,209
Post-employment benefits	1,897	1,674	1,023	2,953
Total	<u>44,673</u>	<u>43,076</u>	<u>25,769</u>	<u>26,162</u>

### **7. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash	130	125	70	55
Bank deposits	134,677	63,816	25,844	33,560
Total	<u>134,807</u>	<u>63,941</u>	<u>25,914</u>	<u>33,615</u>

As at 31 March 2015, bank deposits in saving accounts and fixed deposits carried interests between 0.38 and 1.70 percent per annum (2014: between 0.38 and 1.70 percent per annum).

### **8. Current investments**

(Unit: Thousand Baht)

	Consolidated financial statements			
	2015		2014	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	20,000	20,030	-	-
Total trading securities	20,000	<u>20,030</u>	-	<u>-</u>
Add: Changes in fair value	30		-	
Total trading securities	<u>20,030</u>		<u>-</u>	

(Unit: Thousand Baht)

	Consolidated financial statements			
	2015		2014	
	Cost	Fair value	Cost	Fair value
<u>Investments in debt securities, due within one year</u>				
Debentures of a Thai bank (5-year, interest rate of 4.90% per annum and maturing on 12 November 2014)	-		5,000	
Total	20,030		5,000	

As at 31 March 2015, a 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.

## 9. Trade and other receivables

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	6,035	26,539
Past due				
Up to 3 months	-	-	8,597	8,198
Total trade receivables - related parties	-	-	14,632	34,737
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	580,573	577,498	324,194	308,941
Past due				
Not over 3 months	195,416	180,181	130,292	99,493
Over 3 months but less than 12 months	2,230	150	2,031	-
Over 12 months	21,205	22,214	17,426	17,426
Total	799,424	780,043	473,943	425,860
Less: Allowance for doubtful accounts	(21,292)	(22,289)	(17,426)	(17,426)
Total trade receivables - unrelated parties, net	778,132	757,754	456,517	408,434
Total trade receivables - net	778,132	757,754	471,149	443,171
<u>Other receivables</u>				
Other receivables	320	340	56	107
Interest receivables	71	99	-	-
Total other receivables	391	439	56	107
Total trade and other receivables - net	778,523	758,193	471,205	443,278

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	486,748	476,257	(51,811)	(60,449)	434,937	415,808
Raw materials	359,794	394,366	(2,714)	(3,386)	357,080	390,980
Supplies	21,753	9,065	-	-	21,753	9,065
Goods in transit	10,029	15,802	-	-	10,029	15,802
Total	<u>878,324</u>	<u>895,490</u>	<u>(54,525)</u>	<u>(63,835)</u>	<u>823,799</u>	<u>831,655</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	253,974	230,267	(39,055)	(47,840)	214,919	182,427
Raw materials	249,009	300,386	(2,714)	(3,386)	246,295	297,000
Supplies	13,063	6,200	-	-	13,063	6,200
Goods in transit	1,466	13,205	-	-	1,466	13,205
Total	<u>517,512</u>	<u>550,058</u>	<u>(41,769)</u>	<u>(51,226)</u>	<u>475,743</u>	<u>498,832</u>

During the current year, the Company and its subsidiaries reversed the reduction of cost of inventories by Baht 9 million (2014: recorded the reduction of Baht 12 million) (Separate financial statements: reversed the reduction of Baht 9 million (2014: recorded the reduction of Baht 11 million)), to reflect the net realisable value. This was presented as cost of sales.

## 11. Restricted bank deposits

As at 31 March 2015, the Company and its subsidiary have deposits with banks of Baht 46 million (2014: Baht 46 million) which are pledged with the banks to secure credit facilities as described in Note 29.5 to the financial statements.



## 12. Investments in subsidiaries

### 12.1 Details of subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost method	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million Baht)	(Million Baht)	(%)	(%)		
Auto Metal Company Limited	240	240	60	60	144,000	144,000
Alternative Stainless Company Limited	1	1	100	100	999	999
NSC Metal Company Limited	230	230	100	100	258,238	258,238
Total					<u>403,237</u>	<u>403,237</u>

### 12.2 Dividend income

(Unit: Thousand Baht)

For the years ended 31 March

Company's name	<u>2015</u>	<u>2014</u>
Auto Metal Company Limited	<u>19,584</u>	<u>26,640</u>

On 19 June 2014, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 13.60 per share from the operating results of the year ended 31 March 2014. The dividend was paid on 27 June 2014.

## 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			
			<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
			(%)	(%)				
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	<u>49</u>	<u>49</u>	<u>4,900</u>	<u>4,900</u>	<u>8,132</u>	<u>7,440</u>

## 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	
	2015	2014	2015	2014
Mory Lohakit (Thailand) Co., Ltd.	692	1,089	-	4,900

## 13.3 Summarised financial information of associate

Financial informations of the associated company are summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the years ended		Profit for the years ended	
	31 March		31 March		31 March		31 March		31 March	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Mory Lohakit (Thailand) Co., Ltd.	10	10	17	16	-	-	6	6	2	2

## 14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2015		2014	
	Cost	Fair value	Cost	Fair value
<u>Available-for-sale securities</u>				
Investment units in property fund	3,185	3,084	3,185	3,008
Total available-for-sale securities	3,185	3,084	3,185	3,008
Add: Changes in fair value	(101)		(177)	
Total available-for-sale securities	3,084		3,008	

## 15. 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
<b>Cost</b>							
1 April 2013	140,446	204,753	666,016	18,129	72,714	31,998	1,134,056
Acquisitions	-	1,324	6,313	1,430	21,396	151,436	181,899
Disposals	-	-	(45)	-	(8,156)	-	(8,201)
Transfer in (out)	-	39,706	55,903	-	-	(95,609)	-
31 March 2014	140,446	245,783	728,187	19,559	85,954	87,825	1,307,754
Acquisitions	-	2,297	19,311	1,794	4,820	56,659	84,881
Disposals	-	(1,765)	(5,438)	(772)	(3,265)	-	(11,240)
Transfer in (out)	-	37,920	23,685	17	-	(61,622)	-
31 March 2015	140,446	284,235	765,745	20,598	87,509	82,862	1,381,395
<b>Accumulated depreciation</b>							
1 April 2013	-	128,354	497,004	15,388	45,409	-	686,155
Depreciation for the year	-	9,508	60,351	1,110	9,820	-	80,789
Depreciation for disposals	-	-	(45)	-	(8,151)	-	(8,196)
31 March 2014	-	137,862	557,310	16,498	47,078	-	758,748
Depreciation for the year	-	12,022	63,020	1,275	11,950	-	88,267
Depreciation for disposals	-	(1,741)	(5,389)	(757)	(3,189)	-	(11,076)
31 March 2015	-	148,143	614,941	17,016	55,839	-	835,939
<b>Net book value</b>							
31 March 2013	140,446	76,399	169,012	2,741	27,305	31,998	447,901
31 March 2014	140,446	107,921	170,877	3,061	38,876	87,825	549,006
31 March 2015	140,446	136,092	150,804	3,582	31,670	82,862	545,456
<b>Depreciation for the year</b>							
2014 (Baht 72 million included in manufacturing cost, and the balance in selling and administrative expenses)							80,789
2015 (Baht 80 million included in manufacturing cost, and the balance in selling and administrative expenses)							88,267

(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
<b>Cost</b>							
1 April 2013	73,062	107,781	344,961	10,638	48,875	24,812	610,129
Acquisitions	21,683	6	653	1,135	16,208	103,568	143,253
Disposals	-	-	(44)	-	(6,379)	-	(6,423)
Transfer in (out)	-	-	41,223	-	-	(41,223)	-
31 March 2014	94,745	107,787	386,793	11,773	58,704	87,157	746,959
Acquisitions	-	1,738	14,662	1,263	5,675	55,549	78,887
Disposals	-	-	(4,089)	-	(3,155)	-	(7,244)
Transfer in (out)	-	37,920	22,016	17	-	(59,953)	-
31 March 2015	94,745	147,445	419,382	13,053	61,224	82,753	818,602
<b>Accumulated depreciation</b>							
1 April 2013	-	93,860	322,166	9,224	32,443	-	457,693
Depreciation for the year	-	3,971	12,253	594	6,161	-	22,979
Depreciation for disposals	-	-	(44)	-	(6,379)	-	(6,423)
31 March 2014	-	97,831	334,375	9,818	32,225	-	474,249
Depreciation for the year	-	5,126	17,759	774	8,180	-	31,839
Depreciation for disposals	-	-	(4,088)	-	(3,155)	-	(7,243)
31 March 2015	-	102,957	348,046	10,592	37,250	-	498,845
<b>Net book value</b>							
31 March 2013	73,062	13,921	22,795	1,414	16,432	24,812	152,436
31 March 2014	94,745	9,956	52,418	1,955	26,479	87,157	272,710
31 March 2015	94,745	44,488	71,336	2,461	23,974	82,753	319,757
<b>Depreciation for the year</b>							
2014 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses)							22,979
2015 (Baht 26 million included in manufacturing cost, and the balance in selling and administrative expenses)							31,839

As at 31 March 2015, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 10 million (2014: Baht 16 million) (Separate financial statements: Baht 9 million (2014: Baht 12 million)).

As at 31 March 2015, 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 466 million (2014: Baht 454 million) (Separate financial statements: Baht 381 million, (2014: Baht 381 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 29.5 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 financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost	306	306	197	197
Net book value	11	21	-	-

## 16. Intangible assets

The net book value of intangible assets as at 31 March 2015 and 2014 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost	14,742	14,702	11,899	11,899
Acquisitions during the year	357	40	203	-
Less: accumulated amortisation	(14,526)	(14,390)	(11,899)	(11,867)
Net book value	<u>573</u>	<u>352</u>	<u>203</u>	<u>32</u>

A reconciliations of the net book value of intangible assets for the years 2015 and 2014 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	352	478	32	64
Acquisitions during the year	357	40	203	-
Amortisation	(136)	(166)	(32)	(32)
Net book value at end of year	<u>573</u>	<u>352</u>	<u>203</u>	<u>32</u>

## 17. Short-term loans from banks

(Unit: Thousand Baht)						
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term loans from banks	4.25 - 4.35	4.35	100,000	55,000	100,000	45,000
Trust receipts	3.70 - 4.65	2.30 - 4.50	278,845	218,371	235,157	154,243
Total			<u>378,895</u>	<u>273,371</u>	<u>335,157</u>	<u>199,243</u>

Short-term loans from banks represent promissory notes maturing within 1 - 4 months.

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 29.5 to the financial statements.

## 18. Trade and other payables

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade payables - unrelated parties	407,118	469,417	238,014	325,015
Other payables - unrelated parties	20,856	26,045	12,142	17,279
Other payables - related party (Note 6)	1,552	1,717	13	-
Accrued commission expenses - unrelated parties	76	151	76	130
Accrued expenses	6,209	1,902	5,412	1,091
Total trade and other payables	<u>435,811</u>	<u>499,232</u>	<u>255,657</u>	<u>343,515</u>

## 19. Liabilities under finance lease agreements

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Liabilities under finance lease agreements	10,236	16,443	9,515	13,882
Less: Deferred interest expenses	(737)	(1,334)	(720)	(1,225)
Total	9,499	15,109	8,795	12,657
Less: Portion due within one year	(4,852)	(7,590)	(4,148)	(5,842)
Liabilities under finance lease agreements - net of current portion	<u>4,647</u>	<u>7,519</u>	<u>4,647</u>	<u>6,815</u>

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 it is 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					
	2015			2014		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	5,427	4,809	10,236	8,495	7,948	16,443
Deferred interest expenses	(575)	(162)	(737)	(905)	(429)	(1,334)
Present value of future minimum lease payments	<u>4,852</u>	<u>4,647</u>	<u>9,499</u>	<u>7,590</u>	<u>7,519</u>	<u>15,109</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2015			2014		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,706	4,809	9,515	6,655	7,227	13,882
Deferred interest expenses	(558)	(162)	(720)	(813)	(412)	(1,225)
Present value of future minimum lease payments	<u>4,148</u>	<u>4,647</u>	<u>8,795</u>	<u>5,842</u>	<u>6,815</u>	<u>12,657</u>

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Defined benefit obligation at beginning of year</b>	27,960	25,328	15,895	12,138
Current service cost	2,102	3,326	1,216	3,241
Interest cost	1,042	993	642	516
Benefits paid during the year	(705)	-	-	-
Actuarial gains	<u>(7,737)</u>	<u>(1,687)</u>	<u>(3,759)</u>	<u>-</u>
<b>Provision for long-term employee benefits at end of year</b>	<u>22,662</u>	<u>27,960</u>	<u>13,994</u>	<u>15,895</u>

Long-term employee benefit expenses included in the profit or loss were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current service cost	2,102	3,326	1,216	3,241
Interest cost	1,042	993	642	516
Actuarial gains	(7,737)	(1,687)	(3,759)	-
<b>Total expenses (income) recognised</b>				
<b>in profit or loss</b>	<u>(4,593)</u>	<u>2,632</u>	<u>(1,901)</u>	<u>3,757</u>
Line items under which such expenses are included in profit or loss				
Selling and administrative expenses	(4,593)	2,632	(1,901)	3,757

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.03 - 4.27	4.10 - 4.28	4.03 - 4.19	4.25
Future salary increase rate	3.00 - 5.00	3.00	4.00 - 5.00	3.00

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous three years are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2015	22,662	13,994	(8,352)	(4,135)
Year 2014	27,960	15,895	(1,687)	-
Year 2013	25,328	12,138	-	-
Year 2012	16,076	11,332	-	-

## 21. 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.



## 22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Salary and wages and other employee benefits	172,070	170,026	94,315	88,125
Depreciation	88,267	80,789	31,839	22,979
Amortisation	136	166	32	32
Raw materials used	2,166,637	2,055,032	1,667,162	1,569,545
Consumables used	48,016	45,164	38,821	35,407
Purchase of finished good	660,216	701,521	-	-
Changes in inventories of finished goods	(15,135)	(22,180)	(23,706)	(8,059)
Decrease of inventories to net realisable value	(9,311)	11,984	(9,458)	11,156

## 23. Corporate income tax

Income tax expenses for the years ended 31 March 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Current income tax charge	37,929	36,830	16,148	22,820
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	3,139	5,033	2,272	(2,982)
Effects of changes in the applicable tax rates	-	147	-	-
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>41,068</u>	<u>42,010</u>	<u>18,420</u>	<u>19,838</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2015 and 2014

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit before tax	202,768	216,613	110,358	129,220
Applicable tax rate	0 - 20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	40,633	43,226	22,072	25,844
Effects of changes in the applicable tax rates	-	147	-	-
Effects of:				
Promotional privileges (Note 24)	-	(2,835)	-	-
Dividend income from subsidiaries and associate	-	-	(3,917)	(6,308)
Non-deductible expenses	435	1,472	265	302
Total	435	(1,363)	(3,652)	(6,006)
Income tax expenses reported in the statement of comprehensive income	41,068	42,010	18,420	19,838

The components of deferred tax assets as at 31 March 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	773	973	-	-
Allowance for diminution in value of inventories	10,905	12,767	8,354	10,245
Provision for long-term employee benefits	4,532	5,592	2,799	3,179
Unused tax losses	2,455	2,473	-	-
Total	18,665	21,805	11,153	13,424

Corporate income tax of one subsidiary has been calculated based on following rate of taxable income.

Taxable profits (Baht)	Tax rate (%)	
	2015	2014
1 - 150,000	0	0
150,001 - 300,000	0	0
300,001 - 1,000,000	15	15
Over 1,000,001	20	20

The Company and its subsidiaries have reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

#### **24. 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, 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.

The subsidiary's sales and service income for the years ended 31 March 2015 and 2014 are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Sales and service income	-	140,093	747,529	632,352*	747,529	792,445

\* Promotional privileges from the Board of Investment of the subsidiary ended in June 2013, therefore subsequent sales and service income are the income from non-promoted operations.

## 25. 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.

## 26. 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 year ended 31 March 2015 and 2014, respectively.

(Unit: Million Baht)

For the year ended 31 March 2015					
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
Revenue from external customers	2,587	785	3,372	-	3,372
Inter-segment revenue	149	-	149	(149)	-
Total revenues	<u>2,736</u>	<u>785</u>	<u>3,521</u>	<u>(149)</u>	<u>3,372</u>
Segment profit	270	76	346	-	346
Other income					43
Finance cost					(18)
Selling expenses					(76)
Administrative expenses					(93)
Interest in the profit of associate accounted for by the equity method					1
Income tax expenses					(41)
<b>Profit for the year</b>					<u>162</u>
<b>Segment total assets</b>	2,399	408	2,807	(411)	<u>2,396</u>
Investment in associates accounted for by the equity method	8	-	8	-	<u>8</u>
Additions to non-current assets other than financial instruments and deferred tax assets	92	2	94	6	<u>100</u>

(Unit: Million Baht)

For the year ended 31 March 2014					
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated
Revenue from external customers	2,548	811	3,359	-	3,359
Inter-segment revenue	190	1	191	(191)	-
Total revenues	<u>2,738</u>	<u>812</u>	<u>3,550</u>	<u>(191)</u>	<u>3,359</u>
Segment profit	288	84	372	-	372
Other income					36
Finance cost					(17)
Selling expenses					(69)
Administrative expenses					(106)
Interest in the profit of associate accounted for by the equity method					1
Income tax expenses					(42)
<b>Profit for the year</b>					<u>175</u>
<b>Segment total assets</b>	2,318	408	2,726	(429)	<u>2,297</u>
Investment in associates accounted for by the equity method	7	-	7	-	<u>7</u>
Additions to non-current assets other than financial instruments and deferred tax assets	203	1	204	7	<u>211</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.

For the years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's total revenue.

## 27. 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. During the year ended 31 March 2015, the Company and its subsidiaries contributed Baht 3 million (2014: Baht 2 million) (Separate financial statements: Baht 2 million, (2014: Baht 2 million)) to the fund.

## 28. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Payment date
Final dividends for 2014	Annual General Meeting of the shareholders on 28 July 2014	38.30	0.10	8 August 2014
Interim dividends for 2015	The Board of Directors Meeting on 12 November 2014	42.13	0.11	12 December 2014
Total dividends for the year ended 31 March 2015		80.43	0.21	
Final dividends for 2013	Annual General Meeting of the shareholders on 26 July 2013	45.96	0.12	9 August 2013
Interim dividends for 2014	The Board of Directors Meeting on 13 November 2013	45.96	0.12	12 December 2013
Total dividends for the year ended 31 March 2014		91.92	0.24	

## **29. Commitments and contingent liabilities**

### **29.1 Capital commitments**

As at 31 March 2014, the Company and its subsidiary had capital commitments in respect of the constructions of a factory and purchases of a machinery by Baht 33 million (2015: None).

### **29.2 Operating lease commitments**

The Company and its subsidiaries have entered into a lease agreement in respect of the office building space, building and vehicles. The terms of the agreements are generally 1 - 20 years.

As at 31 March 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	As at 31 March	
	<u>2015</u>	<u>2014</u>
Payable:		
In up to 1 year	3	4
In over 1 and up to 5 years	1	5
In over 5 years	-	2

### **29.3 Other service commitment**

As at 31 March 2015, the Company and a subsidiary had commitments of approximately Baht 6 million relating to a technical assistance agreement and other service agreements (2014: Baht 10 million).

### **29.4 Guarantees**

As at 31 March 2015, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 320 million (2014: Baht 320 million).

### **29.5 Credit facilities**

As at 31 March 2015, 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 390 million (2014: Baht 227 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 (2014: 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 13 million (2014: Baht 4 million) of 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 6 million (2014: Baht 31 million) of 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 (2014: 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 (2014: Baht 3 million). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machineries.

### **Another subsidiary**

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 506 million, of which Baht 42 million (2014: Baht 45 million) of utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's unit of condominium which is the subsidiary's office, fixed deposit accounts and a guarantee provided the Company.
- Overdraft facilities of Baht 60 million have not yet been utilised (2014: 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 382 million) and Baht 6 million, or a total approximately Baht 388 million, of which USD 1.2 million (equivalent to Baht 39 million) (2014: USD 0.3 million (equivalent to Baht 8 million)) of utilised amount are outstanding. These credit facilities are secured by fixed deposit account and a guarantee provided by the Company.

## **30. Financial instruments**

### **30.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, 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 are 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 it has 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 2015

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	2	-	8	125	135	0.38 - 1.70
Current investments	-	-	-	20	20	-
Trade and other receivables	-	-	-	779	779	-
Restricted bank deposits	46	-	-	-	46	1.10 - 1.70
Long-term investment	-	-	-	3	3	
	<u>48</u>	<u>-</u>	<u>8</u>	<u>927</u>	<u>983</u>	
<b>Financial liabilities</b>						
Short-term loans from banks	378	-	-	-	378	3.70 - 4.65
Trade and other payables	-	-	-	436	436	-
Financial lease payables	5	5	-	-	10	5.96 - 12.40
	<u>383</u>	<u>5</u>	<u>-</u>	<u>436</u>	<u>824</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2014

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	1	-	10	53	64	0.38 - 1.70
Current investments	5	-	-	-	5	4.90
Trade and other receivables	-	-	-	758	758	-
Restricted bank deposits	46	-	-	-	46	1.50 - 2.00
Long-term investment	-	-	-	3	3	-
	<u>52</u>	<u>-</u>	<u>10</u>	<u>814</u>	<u>876</u>	
<b>Financial liabilities</b>						
Short-term loans from banks	273	-	-	-	273	2.30 - 4.50
Trade and other payables	-	-	-	499	499	-
Financial lease payables	8	7	-	-	15	5.96 - 12.03
	<u>281</u>	<u>7</u>	<u>-</u>	<u>499</u>	<u>787</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 March 2015

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	2	-	4	20	26	0.38 - 1.70
Trade and other receivables	-	-	-	471	471	-
Restricted bank deposits	5	-	-	-	5	1.70
	<u>7</u>	<u>-</u>	<u>4</u>	<u>491</u>	<u>502</u>	
<b>Financial liabilities</b>						
Short-term loans from banks	335	-	-	-	335	4.05 - 4.65
Trade and other payables	-	-	-	256	256	-
Financial lease payables	4	5	-	-	9	5.96 - 12.40
	<u>339</u>	<u>5</u>	<u>-</u>	<u>256</u>	<u>600</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 March 2014

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	1	-	5	27	33	0.38 - 1.70
Trade and other receivables	-	-	-	443	443	-
Restricted bank deposits	5	-	-	-	5	2.00
	<u>6</u>	<u>-</u>	<u>5</u>	<u>470</u>	<u>481</u>	
<b>Financial liabilities</b>						
Short-term loans from banks	199	-	-	-	199	2.45 - 4.50
Trade and other payables	-	-	-	344	344	-
Financial lease payables	6	7	-	-	13	5.96 - 11.54
	<u>205</u>	<u>7</u>	<u>-</u>	<u>344</u>	<u>556</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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	0.3	0.2	0.6	32.56	32.44
Japanese yen	0.5	0.5	-	1.3	0.2683	0.3155
SG dollar	-	-	0.02	-	23.66	-

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

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<b><u>As at 31 March 2015</u></b>				
US dollar	1.6	-	32.61 - 33.34	-
SG dollar	0.02	-	23.82	-
<b><u>As at 31 March 2014</u></b>				
US dollar	0.5	-	32.37 - 32.81	-
Japanese yen	1.3	-	0.3184	-

### 30.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and financial liabilities are short-term in nature, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### 31. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 March 2015, the Company and its subsidiaries' total debt-to-equity ratio was 0.58:1 (2014: 0.58:1) and the Company's total debt-to-equity ratio was 0.57:1 (2014: 0.54:1).

### **32. Event after the reporting period**

- 32.1 On 20 May 2015, a meeting of Board of Directors of Auto Metal Company Limited (a subsidiary) passed a resolution to propose the payment of dividends from the operating results of the year ended 31 March 2015 for approval by the 2015 Annual General Meeting of the shareholders. The proposed dividend was Baht 23 per share, or a total of Baht 55.2 million.
- 32.2 On 26 May 2015, a meeting of Board of Directors of NSC Metal Company Limited (a subsidiary) passed a resolution to propose the payment of dividends from the operating results of the year ended 31 March 2015 for approval by the 2015 Annual General Meeting of the shareholders. The proposed dividend was Baht 11.50 per share, or a total of Baht 26.45 million.
- 32.3 On 27 May 2015, the meeting of the Company's Board of Directors No. 2/2015 passed a resolution to propose for approval by the Annual General Meeting of its shareholders, the dividend payment to the Company's shareholders of Baht 0.21 per share from its net operating profit for the year ended 31 March 2015. However, by the resolution of the meeting of the Company's Board of Directors No 4/2014 held on 12 November 2014, the Company had paid out the interim dividend of Baht 0.11 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 42 million on 12 December 2014. The remaining dividend is Baht 0.10 per share, or totaling Baht 38.3 million.

### **33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 May 2015.