

Lohakit Metal Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 March 2016

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			(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	
			2016	2015
			(Percent)	(Percent)
Alternative EnMat Company Limited (Formerly known as "Alternative Stainless Company Limited")	Distribution of metal and non-ferrous metal products	Thailand	75	100
NSC Metal Company Limited	Distribution of stainless steel, aluminum, brass, copper, zinc and galvanized steel products	Thailand	100	100

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

3. New financial reporting standards

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 year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. 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's and its subsidiaries financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised accounting standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former accounting standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current year from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current period's transactions and restated the prior year's financial statements, presented as comparative information, as if the Company and its subsidiaries had always applied this accounting policy. The cumulative effect of changes in accounting policies is presented in Note 4.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This financial reporting standard changes the principles used in considering whether control exists. Under this financial reporting 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 investees and determining which entities have to be included in preparation of the consolidated financial statements.

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

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This financial reporting standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

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

TFRS 12 Disclosure of Interests in Other Entities

This financial reporting 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 on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This financial reporting standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this financial reporting standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

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

(b) 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 (revised 2015) and new financial reporting standards and accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

4. Effect of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3, during the current year, the Company and its subsidiaries have changed some of their accounting policies, as a result of the adoption of new and revised financial reporting standards.

The amounts of adjustments affecting the statements of comprehensive income and the statement of changes in shareholders' equity are summarised below.

	(Unit: Thousand Baht)	
	For the year ended 31 March 2015	
	Consolidated financial statements	Separate financial statements
Statements of income		
Decrease in actuarial gains	(7,737)	(3,759)
Decrease in income tax expenses	1,547	752
Decrease in profit for the year	(6,190)	(3,007)
Statements of comprehensive income		
Increase in actuarial gain - net of income tax	6,190	3,007
Increase in comprehensive income	6,190	3,007
Earnings per share (Baht):		
Decrease in basic earnings per share	(0.02)	(0.01)

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) 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.

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 post-employment benefits 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 observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

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

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				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods and service income	-	-	96,152	137,807	Sale of goods: Market price less discount 2%, and cost plus a margin at rate of 5% Service income: Close to the market price
Rental income	-	-	1,728	1,008	Contract price close to the market price
Other service income	-	-	15,000	10,750	Accordance with the negotiation price
Dividend income	-	-	78,624	19,584	As approved by shareholders' meeting
Purchases of goods	-	-	3,542	280	Market price
Fixed assets acquisition	-	-	-	3,545	Accordance with the negotiation price
Commission fee	-	-	5	64	Not over 2% of sales
<u>Transactions with related companies</u>					
Other service income	300	300	300	300	Fixed fee per month
Commission fee	5,878	5,619	-	-	Not over 2% of sales
Motor vehicle rental expenses	-	324	-	-	Contract price
<u>Transactions with related persons</u>					
Building rental expenses	-	1,240	-	-	Contract price close to the market price

As at 31 March 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties (Note 10)</u>				
Subsidiaries	-	-	9,970	14,632
<u>Trade and other payables - related parties (Note 19)</u>				
Associate	1,669	1,552	-	-
Subsidiary	-	-	481	13
Total trade and other payables - related parties	1,669	1,552	481	13

Directors and management's benefits

For the years ended 31 March 2016 and 2015, 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	
	2016	2015	2016	2015
Short-term employee benefits	47,138	42,776	28,138	24,746
Post-employment benefits	3,923	1,897	2,285	1,023
Total	51,061	44,673	30,423	25,769

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash	130	130	70	70
Bank deposits	177,513	134,677	28,747	25,844
Total	177,643	134,807	28,817	25,914

As at 31 March 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.38 and 1.00 percent per annum (2015: 0.38 and 1.70 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2016		2015	
	Cost	Fair value	Cost	Fair value
<u>Trading securities</u>				
Investment units in open-end fund	4,500	4,504	20,000	20,030
Total trading securities	4,500	4,504	20,000	20,030
Add: Changes in fair value	4		30	
Total trading securities	4,504		20,030	

As at 31 March 2016 a subsidiary has investment in Siam Commercial (SCBSFF) Fixed Income Fund which is a debt mutual fund. The fund focuses on investing in debentures issued or guaranteed by the government or corporate.

As at 31 March 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.

10. Trade and other receivables

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties (Note 7)</u>				
Aged on the basis of due dates				
Not yet due	-	-	5,041	6,035
Past due				
Not over 3 months	-	-	4,929	8,597
Total trade receivables - related parties	-	-	9,970	14,632
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	591,612	580,573	296,026	324,194
Past due				
Not over 3 months	164,110	195,416	95,838	130,292
Over 3 months but less than 12 months	11,066	2,230	47	2,031
Over 12 months	18,874	21,205	18,732	17,426
Total	785,662	799,424	410,643	473,943
Less: Allowance for doubtful accounts	(24,045)	(21,292)	(18,779)	(17,426)
Total trade receivables - unrelated parties, net	761,617	778,132	391,864	456,517
Total trade receivables - net	761,617	778,132	401,834	471,149
<u>Other receivables</u>				
Other receivables	502	320	502	56
Interest receivables	54	71	-	-
Total other receivables	556	391	502	56
Total trade and other receivables - net	762,173	778,523	402,336	471,205

During the current year, certain trade accounts receivable of a subsidiary, amounting to approximately Baht 4 million, were written-off as bad debt (2015: Nil).

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	426,145	486,748	(46,076)	(51,811)	380,069	434,937
Raw materials	264,603	359,794	(11,109)	(2,714)	253,494	357,080
Supplies	20,866	21,753	-	-	20,866	21,753
Goods in transit	9,923	10,029	-	-	9,923	10,029
Total	<u>721,537</u>	<u>878,324</u>	<u>(57,185)</u>	<u>(54,525)</u>	<u>664,352</u>	<u>823,799</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	192,086	253,974	(32,358)	(39,055)	159,728	214,919
Raw materials	186,156	249,009	(11,109)	(2,714)	175,047	246,295
Supplies	11,801	13,063	-	-	11,801	13,063
Goods in transit	3,351	1,466	-	-	3,351	1,466
Total	<u>393,394</u>	<u>517,512</u>	<u>(43,467)</u>	<u>(41,769)</u>	<u>349,927</u>	<u>475,743</u>

During the current year, the Company and its subsidiaries reversed the reduction of cost of inventories by Baht 3 million (2015: recorded the reduction of Baht 9 million) (Separate financial statements: reversed the reduction of Baht 2 million (2015: recorded the reduction of Baht 9 million)), to reflect the net realisable value. This was presented as cost of sales.

12. Restricted bank deposits

As at 31 March 2016, the Company and its subsidiary have deposits with banks of Baht 47 million (2015: 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	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
Mory Lohakit (Thailand) Co., Ltd.	Agent	Thailand	49	49	4,900	4,900	9,330	8,132

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	
	2016	2015	2016	2015
Mory Lohakit (Thailand) Co., Ltd.	1,199	692	-	-

13.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

	2016	2015
Current assets	18.9	16.1
Non-current assets	0.6	0.9
Current liabilities	(0.4)	(0.4)
Non-current liabilities	(0.1)	-
Net assets	19.0	16.6
Shareholding percentage (%)	49.0	49.0
Share of net assets	9.3	8.1
Carrying amounts of associates based on equity method	9.3	8.1

Summarised information of comprehensive income

(Unit: Million Baht)		
For the year ended		
31 March		
	2016	2015
Revenue	5.9	5.6
Profit	2.4	1.4
Other comprehensive income	-	-
Total comprehensive income	2.4	1.4

14. Investments in subsidiaries

14.1 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	
	2016 (Million Baht)	2015 (Million Baht)	2016 (%)	2015 (%)	2016	2015
Auto Metal Company Limited	240	240	60	60	144,000	144,000
Alternative EnMat Company Limited (Formerly known as "Alternative Stainless Company Limited")	6	1	75	100	4,249	999
NSC Metal Company Limited	230	230	100	100	258,238	258,238
Total					<u>406,487</u>	<u>403,237</u>

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

14.2 Dividend income

	(Unit: Thousand Baht)	
Company's name	2016	2015
Auto Metal Company Limited	43,200	19,584
NSC Metal Company Limited	33,925	-
Alternative EnMat Company Limited (Formerly known as "Alternative Stainless Company Limited")	1,499	-
Total	78,624	19,584

Auto Metal Company Limited

On 19 June 2015, the Annual General Meeting of the shareholders of Auto Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 23.00 per share, or a total of Baht 55.2 million, from the net operating profit for the year ended 31 March 2015. The dividend was paid on 29 June 2015.

On 16 November 2015, the meeting of Board of Directors of Auto Metal Company Limited No. 4/2015 passed a resolution to approve the payment of an interim dividend of Baht 7.0 per share or a total of Baht 16.8 million, to the subsidiary's ordinary shareholders from the net operating profit from 1 April 2015 to 30 September 2015. The dividend was paid on 2 December 2015.

NSC Metal Company Limited

On 19 June 2015, the Annual General Meeting of the shareholders of NSC Metal Company Limited passed a resolution to approve the payment of a dividend of Baht 11.50 per share or a total of Baht 26.45 million, from the net operating profit for the year ended 31 March 2015. The dividend was paid on 29 June 2015.

On 16 November 2015, the meeting of Board of Directors of NSC Metal Company Limited No. 4/2015 passed a resolution to approve the payment of an interim dividend of Baht 3.25 per share or a total of Baht 7.48 million, to the subsidiary's ordinary shareholders from the net operating profit from 1 April 2015 to 30 September 2015. The dividend was paid on 2 December 2015.

Alternative EnMat Company Limited

On 23 November 2015, the meeting of Board of Directors of Alternative EnMat Company Limited No. 3/2015 passed a resolution to approve the payment of an interim dividend of Baht 150.00 per share or a total of Baht 1.5 million, to the subsidiary's ordinary shareholders from the retained earnings as at 30 September 2015. The dividend was paid on 4 December 2015.

15. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2016		2015	
	Cost	Fair value	Cost	Fair value
<u>Available-for-sale securities</u>				
Investment units in property fund	3,185	3,160	3,185	3,084
Total available-for-sale securities	3,185	3,160	3,185	3,084
Add: Changes in fair value	(25)		(101)	
Total available-for-sale securities	3,160		3,084	

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and fixture	Machinery and equipment	Furniture and office equipment	Motor Vehicles	Assets under installation and under construction	Total
Cost							
1 April 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
Acquisitions	-	-	19,775	485	8,454	36,761	65,475
Disposals	-	(47)	(12,043)	(3,558)	(2,700)	-	(18,348)
Transfer in (out)	-	36,797	79,561	-	-	(116,358)	-
31 March 2016	140,446	320,985	853,038	17,525	93,263	3,265	1,428,522

(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
Accumulated depreciation							
1 April 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
Depreciation for the year	-	11,421	66,945	1,240	12,015	-	91,621
Depreciation for disposals	-	(47)	(11,996)	(3,556)	(2,656)	-	(18,255)
31 March 2016	-	159,517	669,890	14,700	65,198	-	909,305
Net book value							
31 March 2015	140,446	136,092	150,804	3,582	31,670	82,862	545,456
31 March 2016	140,446	161,468	183,148	2,825	28,065	3,265	519,217
Depreciation for the year							
2015 (Baht 80 million included in manufacturing cost, and the balance in selling and administrative expenses)							88,267
2016 (Baht 84 million included in manufacturing cost, and the balance in selling and administrative expenses)							91,621

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings and fixtures	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost							
1 April 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
Acquisitions	-	-	14,112	416	6,051	35,345	55,924
Disposals	-	(46)	(10,874)	(3,558)	(235)	-	(14,713)
Transfer in (out)	-	36,797	78,035	-	-	(114,832)	-
31 March 2016	94,745	184,196	500,655	9,911	67,040	3,266	859,813

(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
Accumulated depreciation							
1 April 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
Depreciation for the year	-	4,651	24,944	845	8,327	-	38,767
Depreciation for disposals	-	(46)	(10,846)	(3,556)	(235)	-	(14,683)
31 March 2016	-	107,562	362,144	7,881	45,342	-	522,929
Net book value							
31 March 2015	94,745	44,488	71,336	2,461	23,974	82,753	319,757
31 March 2016	94,745	76,634	138,511	2,030	21,698	3,266	336,884
Depreciation for the year							
2015 (Baht 26 million included in manufacturing cost, and the balance in selling and administrative expenses)							31,839
2016 (Baht 33 million included in manufacturing cost, and the balance in selling and administrative expenses)							38,767

As at 31 March 2016, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 6 million (2015: Baht 10 million) (Separate financial statements: Baht 6 million (2015: Baht 9 million)).

As at 31 March 2016, 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 571 million (2015: Baht 466 million) (Separate financial statements: Baht 439 million, (2015: 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 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 financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	306	306	197	197
Net book value	2	11	-	-

17. Intangible assets

The net book value of intangible assets as at 31 March 2016 and 2015 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	14,794	15,099	11,797	12,102
Less: Accumulated amortisation	(14,361)	(14,526)	(11,638)	(11,899)
Net book value	433	573	159	203

A reconciliations of the net book value of intangible assets for the years 2016 and 2015 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	573	352	203	32
Acquisitions during the year	-	357	-	203
Amortisation	(140)	(136)	(44)	(32)
Net book value at end of year	433	573	159	203

18. Short-term loans from banks

	(Unit: Thousand Baht)					
	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
Short-term loans from banks	3.60 - 3.75	4.25 - 4.35	50,000	100,000	50,000	100,000
Trust receipts	2.75 - 3.68	3.70 - 4.65	202,953	278,845	130,961	235,157
Total			252,953	378,845	180,961	335,157

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

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

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - unrelated parties	341,019	407,118	197,914	238,014
Trade payables - related parties (Note 7)	-	-	481	-
Other payables - unrelated parties	18,164	20,856	10,004	12,142
Other payables - related party (Note 7)	1,669	1,552	-	13
Accrued commission expenses - unrelated parties	61	76	61	76
Accrued expenses	1,905	6,209	1,213	5,412
Total	362,818	435,811	209,673	255,657

20. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	4,809	10,236	4,809	9,515
Less: Deferred interest expenses	(161)	(737)	(161)	(720)
Total	4,648	9,499	4,648	8,795
Less: Portion due within one year	(3,480)	(4,852)	(3,480)	(4,148)
Liabilities under finance lease agreements - net of current portion	1,168	4,647	1,168	4,647

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

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

(Unit: Thousand Baht)						
Consolidated financial statements						
2016			2015			
Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total	
Future minimum lease payments	3,631	1,178	4,809	5,427	4,809	10,236
Deferred interest expenses	(151)	(10)	(161)	(575)	(162)	(737)
Present value of future minimum lease payments	<u>3,480</u>	<u>1,168</u>	<u>4,648</u>	<u>4,852</u>	<u>4,647</u>	<u>9,499</u>

(Unit: Thousand Baht)						
Separate financial statements						
2016			2015			
Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total	
Future minimum lease payments	3,631	1,178	4,809	4,706	4,809	9,515
Deferred interest expenses	(151)	(10)	(161)	(558)	(162)	(720)
Present value of future minimum lease payments	<u>3,480</u>	<u>1,168</u>	<u>4,648</u>	<u>4,148</u>	<u>4,647</u>	<u>8,795</u>

21. Provision for long-term employee benefits

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

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	22,662	27,960	13,994	15,895
Included in profit or loss:				
Current service cost	2,314	2,102	1,314	1,216
Interest cost	1,005	1,042	617	642
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	2,673	511	1,731	376
Financial assumptions changes	1,702	104	1,112	-
Experience adjustments	780	(8,352)	712	(4,135)
Total	5,155	(7,737)	3,555	(3,759)
Benefits paid during the year	(1,118)	(705)	(801)	-
Provision for long-term employee benefits at end of year	30,018	22,662	18,679	13,994

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Selling and administrative expenses	3,319	3,144	1,931	1,858
Total expenses recognised in profit or loss	3,319	3,144	1,931	1,858

The Company and its subsidiaries expect to pay Baht 16 million of long-term employee benefits during the next year (Separate financial statements: Baht 9 million) (2015: Baht 8 million, separate financial statements: Baht 5 million).

As at 31 March 2016, the weighted average duration of the liabilities for long-term employee benefit of monthly and daily employee are 7 - 16 years and 11 - 17 years (Separate financial statements: 10 years and 17 years) (31 March 2015: 8 years and 13 years (Separate financial statements: 8 years and 13 years)).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: percent per annum) Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.40 - 3.34	4.03 - 4.27	2.57 - 3.34	4.03 - 4.19
Salary increase rate	4.00 - 5.00	3.00 - 5.00	4.00 - 5.00	4.00 - 5.00
Turnover rate	0 - 54	0 - 46	0 - 54	0 - 46

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 March 2016 are summarised below:

	Consolidated financial statements		(Unit: million Baht) Separate financial statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(0.8)	0.8	(0.5)	0.5
Salary increase rate	0.8	(0.8)	0.5	(0.5)
Turnover rate	(0.8)	0.9	(0.5)	(0.5)

22. Statutory reserve

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

23. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
		(Restated)		(Restated)
Salary and wages and other employee benefits	178,490	180,526	104,528	98,074
Depreciation	91,514	88,267	38,766	31,839
Amortisation	140	136	44	32
Raw materials used	1,866,126	2,166,637	1,353,933	1,667,162
Consumables used	39,854	48,016	32,611	38,821
Purchase of finished goods	688,844	660,216	-	-
Changes in inventories of finished goods	64,093	(15,135)	61,887	(23,706)
Decrease of inventories to net realisable value	2,660	(9,311)	1,698	(9,458)

24. Corporate income tax

Income tax expenses for the years ended 31 March 2016 and 2015 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	35,201	37,929	8,752	16,148
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,747)	1,592	(961)	1,520
Effects of changes in the applicable tax rates	(50)	-	-	-
Income tax expenses reported in the statement of comprehensive income	33,404	39,521	7,791	17,668

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 March 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	(Restated)		(Restated)	
Deferred tax on actuarial losses (gain)	1,031	(1,547)	711	(752)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 March 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	(Restated)		(Restated)	
Accounting profit before tax	160,120	195,031	114,275	106,599
Applicable tax rate	20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	31,806	39,086	22,855	21,320
Effects of changes in the applicable tax rates	(50)	-	-	-
Effects of:				
Dividend income from subsidiaries	-	-	(15,725)	(3,917)
Bad debt recoveries	(125)	-	(125)	-
Non-deductible expenses	1,773	435	786	265
Total	1,648	435	(15,064)	(3,652)
Income tax expenses reported in the statement of comprehensive income	33,404	39,521	7,791	17,668

The components of deferred tax assets for the years ended 31 March 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	1,449	773	396	-
Allowance for diminution in value of inventories	11,437	10,905	8,693	8,354
Provision for long-term employee benefits	6,003	4,532	3,736	2,799
Unused tax losses	2,605	2,455	-	-
Total	21,494	18,665	12,825	11,153

Corporate income tax of one subsidiary has been calculated for the year ended 31 March 2015 based on following rate of taxable income are as follows:

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

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

25. Promotional privileges

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

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

26. Earnings per share

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

27. Segment information

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

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

- Production and distribution
- Procurement and distribution.

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

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

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

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 March 2016 and 2015, respectively.

(Unit: Million Baht)

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

(Unit: Million Baht)

For the year ended 31 March 2015					
	Production and distribution	Procurement and distribution	Total reportable segments	Eliminations	Consolidated (Restated)
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					(101)
Interest in the profit of associate accounted for by the equity method					1
Income tax expenses					(40)
Profit for the year					<u>155</u>
Segment total assets	2,399	408	2,807	(411)	<u>2,396</u>
Investment in associate accounted for by the equity method	8	-	8	-	<u>8</u>
Additions (reduction) to non- current assets other than financial instruments and deferred tax assets	84	(7)	77	(6)	<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 2016 and 2015, 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 2016 amounting to approximately Baht 3 million (2015: Baht 3 million) (Separate financial statements: Baht 2 million (2015: 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 2015	Annual General Meeting of the shareholders on 28 July 2015	38.30	0.10	11 August 2015
Interim dividends for 2016	The Board of Directors Meeting on 16 November 2015	38.30	0.10	15 December 2015
Total dividends paid during the year ended 31 March 2016		76.60	0.20	
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 paid during the year ended 31 March 2015		80.43	0.21	

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	
	<u>2016</u>	<u>2015</u>
Payable:		
In up to 1 year	1	3
In over 1 and up to 5 years	-	1

30.2 Service commitment

As at 31 March 2016, the Company and a subsidiary had commitments of approximately Baht 10 million relating to a technical assistance agreement and other service agreements (2015: Baht 6 million).

30.3 Other commitments

As at 31 March 2016, the Company had outstanding commitments of Baht 3.25 million (2015: Nil) in respect of uncalled portion of investment in a subsidiary.

30.4 Guarantees

As at 31 March 2016, the Company has guaranteed bank credit facilities for a subsidiary amounting to Baht 320 million (2015: Baht 320 million).

30.5 Credit facilities

As at 31 March 2016, 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 232 million (2015: Baht 390 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machinery.
- Overdraft facilities of Baht 30 million have not yet been utilised (2015: Nil). These credit facilities are secured by the mortgage of the Company's land with structures thereon, machinery and the fixed deposits.
- Forward foreign exchange contract facilities of Baht 1,000 million, of which Baht 48 million (2015: Baht 13 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the Company's land with structures thereon and machinery.

A subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 300 million, of which Baht 4 million (2015: Baht 6 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machinery.
- Overdraft facilities of Baht 10 million have not yet been utilised (2015: Nil). These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon.
- Forward foreign exchange contract facilities of Baht 200 million of which Baht 1 million (2015: Nil) of the utilised amounts are outstanding. These credit facilities are secured by the mortgage of the subsidiary's land with structures thereon and machinery.

Another subsidiary

- Letters of credit, trust receipts, guarantees and short-term loan facilities totaling Baht 506 million, of which Baht 68 million (2015: Baht 42 million) of the utilised amount are outstanding. These credit facilities are secured by the mortgage of the subsidiary's unit of condominium which is the subsidiary's office, fixed deposit accounts and a guarantee provided by the Company.
- Overdraft facilities of Baht 60 million have not yet been utilised (2015: 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 413 million) and Baht 6 million, or a total approximately Baht 419 million, of which USD 0.8 million (equivalent to Baht 29 million) (2015: USD 1.2 million (equivalent to Baht 39 million)) of the utilised amount are outstanding. These credit facilities are secured by fixed deposit accounts and a guarantee provided by the Company.

31. Fair value hierarchy

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

(Unit: Million Baht)				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.7	-	0.7

32. Financial instruments

32.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2016						
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within					
	1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	2	-	7	169	178	0.38 - 1.00
Current investments	-	-	5	-	5	1.00
Trade and other receivables	-	-	-	762	762	-
Restricted bank deposits	47	-	-	-	47	0.80 - 1.10
Long-term investment	-	-	-	3	3	-
	49	-	12	934	995	
Financial liabilities						
Short-term loans from banks	253	-	-	-	253	2.75 - 3.75
Trade and other payables	-	-	-	363	363	-
Financial lease payables	4	1	-	-	5	5.96 - 12.40
	257	1	-	363	621	

(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				
Financial assets						
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	-
	48	-	8	927	983	
Financial liabilities						
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
	383	5	-	436	824	

(Unit: Million Baht)

Separate financial statements as at 31 March 2016

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

(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				
Financial assets						
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
	7	-	4	491	502	
Financial liabilities						
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
	339	5	-	256	600	

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	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	0.2	0.5	0.2	35.24	32.56
Japanese yen	0.5	0.5	3.2	-	0.3134	0.2683
SG dollar	-	-	0.01	0.02	26.09	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 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 2016</u>				
US dollar	2.2	-	34.85 - 36.22	-
Japanese yen	3.2	-	0.3136	-
<u>As at 31 March 2015</u>				
US dollar	1.6	-	32.61 - 33.34	-
SG dollar	0.02	-	23.82	-

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 flow 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	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	Fair value	Fair value	Fair value	Fair value
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
Derivatives				
Forward exchange contracts	(1.1)	(0.5)	(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 shareholder value. As at 31 March 2016, the Company and its subsidiaries' total debt-to-equity ratio was 0.44:1 (2015: 0.58:1) and the Company's total debt-to-equity ratio was 0.37:1 (2015: 0.57:1).

34. Event after the reporting period

- 34.1 On 24 May 2016, the meeting of Board of Directors of Auto Metal Company Limited (a subsidiary) No. 2/2016 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 27 per share from its net operating profit for the year ended 31 March 2016. However, by the resolution of the meeting of the subsidiary's Board of Directors No. 4/2015 held on 16 November 2015, the subsidiary paid out the interim dividend of Baht 7.00 per share, for 2.4 million ordinary shares, to the subsidiary's shareholders totaling Baht 16.8 million on 2 December 2015. The remaining dividend is Baht 20 per share, or totaling Baht 48 million.
- 34.2 On 25 May 2016, the meeting of the Company's Board of Directors of NSC Metal Company Limited (a subsidiary) passed a resolution to propose an approval by the Annual General Meeting of its shareholders, of the dividend payment to the subsidiary's shareholders of Baht 9 per share, from its net operating profit for the year ended 31 March 2016. However, by the resolution of the meeting of the subsidiary's Board of Directors held on 16 November 2015, the subsidiary paid out the interim dividend of Baht 3.25 per share, or totaling Baht 7.5 million, on 2 December 2015. The remaining dividend is Baht 5.75 per share, or totaling Baht 13.2 million.
- 34.3 On 26 May 2016, the meeting of the Company's Board of Directors No. 2/2016 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 0.24 per share from its net operating profit for the year ended 31 March 2016. However, by the resolution of the meeting of the Company's Board of Directors No 4/2015 held on 16 November 2015, the Company paid out the interim dividend of Baht 0.10 per share, for 383 million ordinary shares, to the Company's shareholders totaling Baht 38.3 million on 15 December 2015. The remaining dividend is Baht 0.14 per share, or totaling Baht 53.6 million.

35. Approval of consolidated financial statements

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 26 May 2016.