

Thai Steel Cable Public Company Limited
Report and financial statements
30 September 2017

Independent Auditor's Report

To the Shareholders of Thai Steel Cable Public Company Limited

Opinion

I have audited the accompanying financial statements of Thai Steel Cable Public Company Limited (the Company), which comprise the statement of financial position as at 30 September 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Steel Cable Public Company Limited as at 30 September 2017, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matter

Key audit matter is those matters that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

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

Key audit matter and how audit procedures respond for such matter is described below.

Sales

Sales are significant to the Company's financial statements and directly impact on the Company's operating results. Moreover, the Company has both domestic and overseas sales transactions under various terms and conditions. I therefore focused on the Company's recognition of sales, especially the timing of revenue recognition.

I assessed and tested the Company's internal controls related to revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I checked documents supporting sales transactions occurring during the year and near the period end. I reviewed credit notes issued by the Company to customers after the end of the reporting period and performed analytical review of the sales accounts.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Poonnard Paocharoen.

Poonnard Paocharoen
Certified Public Accountant (Thailand) No. 5238

EY Office Limited
Bangkok: 21 November 2017

Thai Steel Cable Public Company Limited**Statement of financial position****As at 30 September 2017**

		(Unit: Baht)	
	Note	2017	2016
Assets			
Current assets			
Cash and cash equivalents	7	575,990,985	506,856,901
Current investments	8	202,080,430	200,502,565
Trade and other receivables	9	549,507,290	488,318,415
Inventories	10	211,351,452	235,965,414
Other current assets		26,221,337	8,815,339
Total current assets		1,565,151,494	1,440,458,634
Non-current assets			
Long-term investment	11	25,704,000	25,704,000
Investment properties	12	127,154,781	129,315,735
Property, plant and equipment	13	1,019,984,581	1,104,011,855
Intangible assets	14	20,014,441	25,613,985
Deferred tax assets	23	8,375,093	12,854,924
Other non-current assets		15,772,231	13,035,628
Total non-current assets		1,217,005,127	1,310,536,127
Total assets		2,782,156,621	2,750,994,761

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

Thai Steel Cable Public Company Limited
Statement of financial position (continued)
As at 30 September 2017

		(Unit: Baht)	
	Note	2017	2016
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from banks	15	300,000,000	300,000,000
Trade and other payables	16	599,373,250	551,099,823
Current portion of long-term loan from bank	17	64,920,000	64,920,000
Current portion of finance lease payables	18	4,686,772	4,075,307
Other current liabilities		12,335,700	11,496,184
Total current liabilities		981,315,722	931,591,314
Non-current liabilities			
Long-term loan from bank - net of current portion	17	48,520,000	113,440,000
Finance lease payables - net of current portion	18	6,024,028	8,837,804
Provision for long-term employee benefits	19	49,894,505	45,883,951
Provisions	20	11,600,012	12,535,702
Other non-current liabilities		96,456	101,456
Total non-current liabilities		116,135,001	180,798,913
Total liabilities		1,097,450,723	1,112,390,227
Shareholders' equity			
Share capital			
Registered			
268,500,000 ordinary shares of Baht 1 each		268,500,000	268,500,000
Issued and paid-up			
259,800,000 ordinary shares of Baht 1 each		259,800,000	259,800,000
Share premium		464,870,185	464,870,185
Retained earnings			
Appropriated - statutory reserve	21	26,850,000	26,850,000
Unappropriated		933,185,713	887,084,349
Total shareholders' equity		1,684,705,898	1,638,604,534
Total liabilities and shareholders' equity		2,782,156,621	2,750,994,761
		-	-

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

Directors

Thai Steel Cable Public Company Limited
Statement of comprehensive income
For the year ended 30 September 2017

		(Unit: Baht)	
	Note	2017	2016
Profit or loss:			
Revenues			
Sales	24	2,905,683,160	2,724,168,855
Other income		33,226,297	32,571,263
Total revenues		<u>2,938,909,457</u>	<u>2,756,740,118</u>
Expenses			
Cost of sales		2,384,784,381	2,251,532,605
Selling expenses		54,571,920	68,296,433
Administrative expenses		295,810,236	275,016,872
Total expenses		<u>2,735,166,537</u>	<u>2,594,845,910</u>
Profit before finance cost and income tax expenses		203,742,920	161,894,208
Finance cost		(15,309,952)	(16,795,985)
Profit before income tax expenses		188,432,968	145,098,223
Income tax expenses	23	(12,431,604)	(7,902,686)
Profit for the year		<u>176,001,364</u>	<u>137,195,537</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial loss - net of income tax		-	(5,688,827)
Total comprehensive income for the year		<u>176,001,364</u>	<u>131,506,710</u>
Earnings per share			
25			
Basic earnings per share			
Profit attributable to equity holders of the Company		<u>0.68</u>	<u>0.53</u>
Weighted average number of ordinary shares (shares)		<u>259,800,000</u>	<u>259,800,000</u>

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

Thai Steel Cable Public Company Limited**Cash flows statement****For the year ended 30 September 2017**

	(Unit: Baht)	
	2017	2016
Cash flows from operating activities		
Profit before tax	188,432,968	145,098,223
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	150,334,826	156,247,288
Reversal of allowance for doubtful accounts	-	(678,283)
Reduction of inventory to net realisable value	3,932,784	596,518
Gain on disposal of equipment	(658,696)	(4,826,059)
Provisions (reversal)	14,393	(3,209,474)
Provision for long-term employee benefits	4,821,197	10,628,696
Unrealised gain on exchange	(55,631)	(1,613,262)
Dividend income	(3,861,703)	-
Interest income	(4,088,585)	(1,260,941)
Interest expenses	15,309,952	16,795,985
Profit from operating activities before changes in operating assets and liabilities	354,181,505	317,778,691
Operating assets (increase) decrease		
Trade and other receivables	(59,874,315)	(6,603,664)
Inventories	20,681,178	6,470,065
Other current assets	(17,405,998)	(1,949,671)
Other non-current assets	(12,624,945)	(14,963,972)
Operating liabilities increase (decrease)		
Trade and other payables	46,454,069	3,678,137
Other current liabilities	(104,627)	(4,625,594)
Other non-current liabilities	(955,083)	(921,450)
Cash flows from operating activities	330,351,784	298,862,542
Cash paid for long-term employee benefits	(810,643)	(8,852,939)
Cash paid for interest expenses	(15,288,768)	(16,809,914)
Cash paid for income tax	(7,007,629)	(12,045,992)
Net cash flows from operating activities	307,244,744	261,153,697

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

Thai Steel Cable Public Company Limited**Cash flows statement (continued)****For the year ended 30 September 2017**

	(Unit: Baht)	
	2017	2016
Cash flows from investing activities		
Increase in current investments	(1,577,865)	(200,400,884)
Cash paid for purchase of property, plant and equipment	(43,259,211)	(44,129,393)
Cash paid for purchase of intangible assets	(2,559,159)	(4,882,070)
Proceeds from sales of equipment	1,808,263	14,965,196
Dividend income	3,861,703	-
Interest income	2,816,420	1,260,941
Net cash flows used in investing activities	(38,909,849)	(233,186,210)
Cash flows from financing activities		
Decrease in short-term loans from banks	-	(200,000,000)
Cash received from long-term loan	-	200,000,000
Repayment of long-term loan	(64,920,000)	(21,640,000)
Repayment of finance lease payables	(4,380,811)	(4,760,016)
Dividend paid	(129,900,000)	(142,890,000)
Net cash flows used in financing activities	(199,200,811)	(169,290,016)
Net increase (decrease) in cash and cash equivalents	69,134,084	(141,322,529)
Cash and cash equivalents at beginning of year	506,856,901	648,179,430
Cash and cash equivalents at end of year (Note 7)	575,990,985	506,856,901
	-	-
Non-cash items		
Increase (decrease) in other payables from purchase of equipment	1,811,409	(4,667,877)
Purchases of equipment under finance lease agreements	2,178,500	1,498,000
Purchases of intangible assets under finance lease agreements	-	234,200
Transfer other non-current assets to equipment	9,888,342	37,600,731

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

Thai Steel Cable Public Company Limited

Statement of changes in shareholders' equity

For the year ended 30 September 2017

(Unit: Baht)

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 October 2015	259,800,000	464,870,185	26,850,000	898,467,639	1,649,987,824
Profit for the year	-	-	-	137,195,537	137,195,537
Other comprehensive income for the year	-	-	-	(5,688,827)	(5,688,827)
Total comprehensive income for the year	-	-	-	131,506,710	131,506,710
Dividend paid (Note 28)	-	-	-	(142,890,000)	(142,890,000)
Balance as at 30 September 2016	259,800,000	464,870,185	26,850,000	887,084,349	1,638,604,534
Balance as at 1 October 2016	259,800,000	464,870,185	26,850,000	887,084,349	1,638,604,534
Profit for the year	-	-	-	176,001,364	176,001,364
Total comprehensive income for the year	-	-	-	176,001,364	176,001,364
Dividend paid (Note 28)	-	-	-	(129,900,000)	(129,900,000)
Balance as at 30 September 2017	259,800,000	464,870,185	26,850,000	933,185,713	1,684,705,898
	-	-	-	-	-
	-	-	-	-	-

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

Thai Steel Cable Public Company Limited

Notes to financial statements

For the year ended 30 September 2017

1. General information

Thai Steel Cable Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of control cable of automobiles and motorcycles and window regulator of automobiles. The registered office of the Company is at Amatanakorn Industrial Estate 700/737, Moo 1, Tambol Panthong, Amphur Panthong, Chonburi.

2. Basis of preparation

The financial statements have been prepared in accordance with 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.

3. New financial reporting standards

Below is a summary of accounting 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

During the year, the Company have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’ 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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

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.

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 experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost under the first-in, first-out method and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investment

Investment in non-marketable equity security, which the Company classifies as other investment, is stated at cost net of allowance for impairment loss (if any).

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

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years and 40 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

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

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	-	20 years
Building	-	20, 40 years
Building improvement	-	5 - 20 years
Machinery and equipment	-	3 - 20 years
Tools	-	3 - 10 years
Molds	-	2 - 10 years

Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	5 - 10 years

Depreciation is included in determining income.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits 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.

4.8 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any 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.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 10 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 equipment 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 long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of equipment 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 financial statements are presented in Baht, which is also the Company's 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.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company performs 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.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal 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 and other long-term employee benefit

Defined contribution plans

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

Defined benefit plan and other long-term employee benefit

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other long-term employee benefit plan, namely long service awards. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised in other comprehensive income and actuarial gains and losses arising from other long-term benefit are recognised in profit and loss.

4.14 Provisions

Provisions are recognised when the Company has 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 recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 reviews and reduces 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 records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies 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 measures 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 determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. 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:

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 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 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.

Litigation

The Company has contingent liabilities as a result of litigation, which is in the process of execute to file in the court. This requires judgements from management to assess of the results of the litigation.

6. Related party transactions

During the years, the Company 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.

	2017	2016	(Unit: Million Baht) Transfer Pricing Policy
<u>Transactions with related companies</u>			
Sales of goods	207	241	Cost plus margin
Purchases of raw materials and finished goods	449	418	Cost plus margin
Purchases of assets	1	1	Agreed upon basis
Royalty fee	43	37	2.0% on the net sales amount

As at 30 September 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Trade and other receivables - related parties (Note 9)		
<u>Trade receivables - related parties</u>		
Related companies	34,643	42,582
<u>Other receivables - related parties</u>		
Related companies	134	108

	(Unit: Thousand Baht)	
	2017	2016
Trade and other payables - related parties (Note 16)		
<u>Trade payables - related parties</u>		
Related companies	71,854	70,027
<u>Other payables - related parties</u>		
Related companies	1,523	619
<u>Accrued royalty - related party</u>		
Related company	11,718	9,600

Directors and management's benefits

During the years ended 30 September 2017 and 2016, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	2017	2016
Short-term employee benefits	67,699	69,807
Post-employee benefits	2,836	3,577
Total	70,535	73,384

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2017	2016
Cash	715	325
Bank deposits	575,276	506,532
Total	575,991	506,857

As at 30 September 2017, bank deposits in saving accounts carried interests between 0.05 and 0.50 percent per annum (2016: between 0.05 and 0.50 percent per annum).

8. Current investments

These represent fixed deposits with banks with an original maturity of more than three months and not subject to withdrawal restrictions.

9. Trade and other receivables

	(Unit: Thousand Baht)	
	2017	2016
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	33,838	42,270
Past due up to 3 months	805	312
Total trade receivables - related parties	34,643	42,582
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	485,767	416,154
Past due		
Up to 3 months	51	217
3 - 6 months	-	5
Over 12 months	-	13,935
Total	485,818	430,311
Less: Allowance for doubtful debts	-	(13,935)
Total trade receivables - unrelated parties - net	485,818	416,376
Total trade receivables - net	520,461	458,958
<u>Other receivables</u>		
Other receivables - related parties	134	108
Other receivables - unrelated parties	55,825	56,165
Total	55,959	56,273
Less: Allowance for doubtful debts	(26,913)	(26,913)
Total other receivables - net	29,046	29,360
Total trade and other receivables - net	549,507	488,318

10. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	50,361	65,318	(5,905)	(2,572)	44,456	62,746
Work in process	33,107	30,373	(225)	(46)	32,882	30,327
Raw materials	98,415	122,708	(1,547)	(1,126)	96,868	121,582
Goods in transit	29,521	13,272	-	-	29,521	13,272
Spare parts	7,624	8,038	-	-	7,624	8,038
Total	219,028	239,709	(7,677)	(3,744)	211,351	235,965

During the current year, the Company reduced cost of inventories by Baht 4 million (2015: Baht 1 million), to reflect the net realisable value. This was included in cost of sales.

11. Long-term investment

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost	
			2017	2016	2017	2016	2017	2016
					(%)	(%)		
Hi-Lex Vietnam Co., Ltd.	Manufacture automobile parts	Vietnam	USD 11,150,000	USD 11,150,000	6.28	6.28	<u>25,704</u>	<u>25,704</u>

12. Investment properties

The net book value of investment properties of the Company as at 30 September 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Land and land improvement	Building and building improvement	Total
30 September 2017:			
Cost	93,510	161,877	255,387
Less: Accumulated depreciation	(4,076)	(124,156)	(128,232)
Net book value	<u>89,434</u>	<u>37,721</u>	<u>127,155</u>
30 September 2016:			
Cost	93,510	161,877	255,387
Less: Accumulated depreciation	(4,076)	(121,995)	(126,071)
Net book value	<u>89,434</u>	<u>39,882</u>	<u>129,316</u>

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	2017	2016
Net book value at beginning of year	129,316	131,479
Depreciation	(2,161)	(2,163)
Net book value at end of year	<u>127,155</u>	<u>129,316</u>

The fair value of the investment properties as at 30 September 2017 and 2016 stated below:

(Unit: Thousand Baht)

	2017	2016
Land	264,000	264,000
Buildings	82,400	82,400
Total	<u>346,400</u>	<u>346,400</u>

The fair value of the investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land has been determined based on market prices, while that of the buildings has been determined using the replacement cost approach.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Land and land improvement	Building and building improvement	Machinery, equipment and other factory equipment	Motor vehicles	Furniture, fixtures, equipment and other operating equipment	Asset under installation and construction	Total
Cost							
1 October 2015	142,981	574,729	1,147,546	36,617	97,718	18,055	2,017,646
Additions	-	480	1,216	-	3,511	35,752	40,959
Disposals/write-off	-	-	(17,307)	(16,109)	(1,152)	(108)	(34,676)
Transfers in (out)	-	649	77,200	-	799	(41,048)	37,600
30 September 2016	142,981	575,858	1,208,655	20,508	100,876	12,651	2,061,529
Additions	-	-	7,308	-	3,858	36,083	47,249
Disposals/write-off	-	-	(15,305)	-	(3,711)	(18)	(19,034)
Transfers in (out)	-	372	39,021	-	-	(29,505)	9,888
30 September 2017	142,981	576,230	1,239,679	20,508	101,023	19,211	2,099,632
Accumulated depreciation							
1 October 2015	63	144,132	589,467	30,092	72,258	-	836,012
Depreciation for the year	36	15,973	116,296	2,820	10,918	-	146,043
Depreciation on disposals/ write-off	-	-	(7,837)	(15,631)	(1,070)	-	(24,538)
30 September 2016	99	160,105	697,926	17,281	82,106	-	957,517
Depreciation for the year	36	15,801	114,504	1,062	8,612	-	140,015
Depreciation on disposals/ write-off	-	-	(14,259)	-	(3,626)	-	(17,885)
30 September 2017	135	175,906	798,171	18,343	87,092	-	1,079,647
Net book value							
30 September 2016	142,882	415,753	510,729	3,227	18,770	12,651	1,104,012
30 September 2017	142,846	400,324	441,508	2,165	13,931	19,211	1,019,985
Depreciation for the year							
2016 (Baht 132 million included in cost of sales, and the balance in selling and administrative expenses)							146,043
2017 (Baht 130 million included in cost of sales, and the balance in selling and administrative expenses)							140,015

As at 30 September 2017, the Company had equipment with net book values of Baht 7 million (2016: Baht 8 million) which were acquired under finance lease agreements.

As at 30 September 2017, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 426 million (2016: Baht 360 million).

14. Intangible assets

The net book value of intangible assets as at 30 September 2017 and 2016 is presented below.

	(Unit: Thousand Baht)		
	Computer software	Computer software under installation	Total
As at 30 September 2017:			
Cost	79,546	-	79,546
Less: Accumulated amortisation	(59,532)	-	(59,532)
Net book value	20,014	-	20,014
As at 30 September 2016:			
Cost	73,246	3,741	76,987
Less: Accumulated amortisation	(51,373)	-	(51,373)
Net book value	21,873	3,741	25,614

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

	(Unit: Thousand Baht)	
	2017	2016
Net book value at beginning of year	25,614	28,539
Additions	2,559	5,116
Amortisation	(8,159)	(8,041)
Net book value at end of year	20,014	25,614

As at 30 September 2017, the Company had intangible assets with net book values of Baht 5 million (2016: Baht 6 million) which were acquired under finance lease agreements.

15. Short-term loans from banks

	(Unit: Thousand Baht)	
	Interest rate (% per annum)	
	2017	2016
Promissory notes	MMR	
	300,000	300,000

The short-term loans from banks are clean and denominated in Baht.

16. Trade and other payables

	(Unit: Thousand Baht)	
	2017	2016
Trade payables - related parties	71,854	70,027
Trade payables - unrelated parties	362,725	324,389
Other payables	33,355	35,426
Accrued expenses	131,439	121,258
Total	<u>599,373</u>	<u>551,100</u>

17. Long-term loan from bank

		(Unit: Thousand Baht)	
Interest rate (% per annum)	Repayment schedule	2017	2016
3.90	Payment of principal in monthly installments of Baht 5.41 million commencing in June 2016	113,440	178,360
Less: Current portion		<u>(64,920)</u>	<u>(64,920)</u>
Long-term loan from bank - net of current portion		<u>48,520</u>	<u>113,440</u>

Movements in the long-term loan from bank account during the year ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 October 2016	178,360
Less: Repayment	<u>(64,920)</u>
Balance as at 30 September 2017	<u>113,440</u>

The loan agreement contains several covenants which, among other things, requires the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreement. The loan is clean.

18. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	2017	2016
Liabilities under finance lease agreements	11,648	14,296
Less: Deferred interest expenses	(937)	(1,383)
Total	10,711	12,913
Less: Portion due within one year	(4,687)	(4,075)
Liabilities under finance lease agreements - net of current portion	<u>6,024</u>	<u>8,838</u>

The Company has entered into the finance lease agreements with leasing companies for rental of equipment and intangible assets for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreements are generally between 3 and 5 years.

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

	(Unit: Thousand Baht)		
	As at 30 September 2017		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	5,278	6,370	11,648
Deferred interest expenses	(591)	(346)	(937)
Present value of future minimum lease payments	<u>4,687</u>	<u>6,024</u>	<u>10,711</u>

	(Unit: Thousand Baht)		
	As at 30 September 2016		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	4,756	9,540	14,296
Deferred interest expenses	(681)	(702)	(1,383)
Present value of future minimum lease payments	<u>4,075</u>	<u>8,838</u>	<u>12,913</u>

19. Provision for long-term employee benefits

	(Unit: Thousand Baht)		
	Provision for employee retirement benefits	Provision for other long-term employee benefits	Total
Provision for long-term employee benefits			
as at 1 October 2015	37,598	458	38,056
Included in profit or loss:			
Current service cost	5,357	2,981	8,338
Interest cost	1,683	608	2,291
Included in other comprehensive income:			
Actuarial (gain) loss arising from			
Demographic assumptions changes	3,595	-	3,595
Financial assumptions changes	2,011	-	2,011
Experience adjustments	446	-	446
Benefit paid during the year	(8,291)	(562)	(8,853)
Provision for long-term employee benefits			
as at 30 September 2016	42,399	3,485	45,884
Included in profit or loss:			
Current service cost	3,420	386	3,806
Interest cost	934	81	1,015
Benefit paid during the year	(304)	(506)	(810)
Provision for long-term employee benefits			
as at 30 September 2017	46,449	3,446	49,895

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Cost of sales	3,042	7,855
Selling and administrative expenses	1,779	2,774
Total expenses recognised in profit or loss	4,821	10,629

The Company expects to pay Baht 1 million of long-term employee benefits during the next year (2016: Baht 8 million).

As at 30 September 2017, the weighted average duration of the liabilities for long-term employee benefit is 18 years (2016: 18 years).

Significant actuarial assumptions are summarised below:

	2017	2016
	(% per annum)	(% per annum)
Discount rate	2.7	2.7
Salary increase rate	0.0 - 6.5	0.0 - 6.5
Employee turnover rate (depending on age of employees)	0.0 - 20.0	0.0 - 20.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 30 September 2017 are summarised below:

	(Unit: Thousand Baht)
	Increase (decrease)
Discount rate	
Increase by 1%	(5,008)
Decrease by 1%	6,021
Salary increase rate	
Increase by 1%	6,192
Decrease by 1%	(5,240)
Employees turnover rate	
Increase by 20% of base in each age	(6,098)
Decrease by 20% of base in each age	7,891

20. Provisions

These provisions are provisions for product warranty which have movements during the years ended 30 September 2017 and 2016 summarised below.

	(Unit: Thousand Baht)
Balance as at 1 October 2015	16,632
Increase during the year	5,048
Utilised	(886)
Reversal of provisions	(8,258)
Balance as at 30 September 2016	12,536
Increase during the year	3,788
Utilised	(950)
Reversal of provisions	(3,774)
Balance as at 30 September 2017	11,600

Provisions for product warranty is recognised at a percentage of sales. The rate used in the calculation is based on historical data of actual expenses.

21. Statutory reserve

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

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Salaries and wages and other employee benefits	544,337	498,145
Depreciation	142,176	148,206
Amortisation	8,159	8,041
Warranty provisions	3,788	5,048
Rental expenses from operating lease agreements	21,654	13,272
Raw materials and consumables used	1,479,536	1,340,580
Changes in inventories of finished goods and work in process	12,224	14,233
Loss on reduction of inventories to net realisable value	3,933	596

23. Income tax

Income tax expenses for the years ended 30 September 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)	
	2017	2016
Current income tax:		
Current income tax charge	7,952	10,531
Deferred tax:		
Relating to origination and reversal of temporary differences	4,480	(2,628)
Income tax expenses reported in the statement of comprehensive income	12,432	7,903

The amounts of income tax relating to each component of other comprehensive income for the years ended 30 September 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Deferred tax relating to loss on actuarial	-	363

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)	
	2017	2016
Accounting profit before tax	188,433	145,098
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	37,687	29,020
Effects of:		
Promotional privileges (Note 24)	(27,228)	(21,941)
Non-deductible expenses	(247)	1,319
Additional expense deductions allowed	(198)	(195)
Others	2,418	(300)
Total	(25,255)	(21,117)
Income tax expenses reported in the statement of comprehensive income	12,432	7,903

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	As at 30 September 2017	As at 30 September 2016
Deferred tax assets		
Allowance for doubtful accounts	5,270	8,057
Allowance for diminution in value of inventories	399	225
Provision for long-term employee benefits	2,594	2,753
Warranty provisions	603	752
Accrued rebate	1,100	1,795
Others	22	-
	9,988	13,582
Deferred tax liabilities		
Accumulated depreciation - investment properties	692	726
Advance payments tax	921	-
Others	-	1
	1,613	727
Net	8,375	12,855

24. Promotional privileges

The Company was granted investment promotional privileges by the Board of Investment under the Investment Promotion Act B.E. 2520. As at 30 September 2017, important tax privileges granted to the Company are summarised below.

	Investment promotion certificate no.	Exemption from import duty on machines	Exemption from corporate income tax for the periods	Commencing from
Manufacture of control cable of vehicles and window regulator of automobiles	1827(2)/2550	Expired	8 years	1 July 2007
Manufacture of control cable of vehicles and window regulator of automobiles	1715(2)/2555	Expired	7 years	28 February 2013
Manufacture of control cable of vehicles and window regulator of automobiles	1006(2)/2557	Expired	7 years	9 December 2013
Manufacture of control cable of vehicles and window regulator of automobiles	1539(2)/2557	Expired	7 years	2 March 2016
Manufacture of control cable of vehicles and window regulator of automobiles	60-0797-0-00-1-0	Will expire on 19 January 2020	7 years	4 May 2017

The Company's operating revenues for the years ended 30 September 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Sales						
Domestic sales	2,108,693	1,793,946	661,833	748,748	2,770,526	2,542,694
Exports sales	31,476	37,852	103,681	143,623	135,157	181,475
Total sales	<u>2,140,169</u>	<u>1,831,798</u>	<u>765,514</u>	<u>892,371</u>	<u>2,905,683</u>	<u>2,724,169</u>

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 Company is principally engaged in the manufacture and distribution of control cable of automobiles and motorcycles and window regulator of automobiles. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customers

For the year 2017, the Company has revenues from three major customer groups in amount of Baht 541 million, Baht 537 million and Baht 395 million (2016: Baht 549 million, Baht 499 million and Baht 383 million, respectively).

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by AIA Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 8 million (2016: Baht 8 million) were recognised as expenses.

28. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for the year ended 30 September 2015	The Annual General Meeting of the Company's shareholders on 26 January 2016	77,940	0.30
Interim dividends for the year ended 30 September 2016	The Board of Directors Meeting of the Company on 10 May 2016	64,950	0.25
Total dividends for year 2016		142,890	0.55

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for the year ended 30 September 2016	The Annual General Meeting of the Company's shareholders on 24 January 2017	64,950	0.25
Interim dividends for the year ended 30 September 2017	The Board of Directors Meeting of the Company on 9 May 2017	64,950	0.25
Total dividends for year 2017		<u>129,900</u>	<u>0.50</u>

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 30 September 2017, the Company had capital commitments of approximately Baht 19 million and USD 0.03 million (2016: Baht 11 million and USD 0.02 million), relating to the purchase of equipment.

29.2 Operating lease and service commitments

The Company has entered into several operating lease agreements in respect of the lease of vehicles and equipment and service agreements. The terms of the agreements are generally between 1 and 5 years.

The Company had future minimum lease and service payments required under these non-cancellable operating leases and service agreements as follows.

Payable:	(Unit: Million Baht)	
	2017	2016
In up to 1 year	29	38
In over 1 and up to 5 years	10	10

29.3 License commitments

The Company has entered into license and technical assistance agreement with an overseas related company for the use of a trademark and the receipt of information related to the manufacture and assembly of control cable of automobiles and motorcycles. Under the conditions of the license agreement, the Company is to pay the fee twice a year as stipulated in the agreement. The fees for the year ended 30 September 2017 amounting to approximately Baht 43 million (2016: Baht 37 million) were recognised as expenses.

29.4 Guarantees

As at 30 September 2017, there were outstanding bank guarantees of approximately Baht 3 million (2016: Baht 3 million and USD 0.04 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee to guarantee electricity use, among others.

29.5 Litigation

The Customs Department conducted a post clearance audit at the Company, and accused the Company of making incorrect tariff code declarations (with lower duty rates) in import entries between 2003 and 2006. It therefore assessed import duty and VAT shortfalls amounting to Baht 17.9 million, excluding penalties and surcharges. In February 2017, the Company filed an appeal with the Central Tax Court and in September 2017, the Central Tax Court delivered a judgment to revoke only the assessment of import duty and surcharges. The Company is not allowed to file a lawsuit against the Revenue Department demanding the revocation of the VAT assessment because the Company has not yet exercised its right to appeal to the Board of Appeal in accordance with Section 30 of the Revenue Code. However, the Customs Department still has the right to appeal to a special court, while the Company has the right to appeal to the special court on the VAT issue as well. As at 30 September 2017, the Company's management has assessed the case and believes that the Company is not liable for the import duty and VAT shortfalls, including penalties and surcharges, because the Company correctly paid import duty in accordance with the Customs Tariffs Decree B.E. 2530. Considering legal opinions and the opinions of customs tariff experts, the declared imported products are classified according to the product definitions specified in the customs tariff schedule. The Company therefore did not record a provision for the contingent liabilities as a result of this litigation in the financial statements.

30. Financial instruments

30.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investment, trade accounts payable, short-term loans and long-term loan. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term interest bearing debts. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate 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)

As at 30 September 2017						
Fixed interest rates		Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)	
Within 1 year	1 - 5 years					
<u>Financial assets</u>						
Cash and cash equivalent	-	-	567.8	8.2	576.0	0.05 – 0.50
Current investments	202.1	-	-	-	202.1	0.80 - 1.375
Trade and other receivables	-	-	-	549.5	549.5	-
Long-term investment	-	-	-	25.7	25.7	-
	<u>202.1</u>	<u>-</u>	<u>567.8</u>	<u>583.4</u>	<u>1,353.3</u>	
<u>Financial liabilities</u>						
Short-term loans from banks	-	-	300.0	-	300.0	2.90 - 3.00
Trade and other payables	-	-	-	599.3	599.3	-
Liabilities under finance lease agreements	4.7	6.0	-	-	10.7	2.46 - 6.47
Long-term loan from bank	64.9	48.5	-	-	113.4	3.90
	<u>69.6</u>	<u>54.5</u>	<u>300.0</u>	<u>599.3</u>	<u>1,023.4</u>	

(Unit: Million Baht)

As at 30 September 2016

	Fixed interest rates				Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Floating interest rate	Non - interest bearing		
Financial assets						
Cash and cash equivalent	-	-	499.2	7.7	506.9	0.05 - 0.50
Current investments	200.5	-	-	-	200.5	0.80 - 1.375
Trade and other receivables	-	-	-	488.3	488.3	-
Long-term investment	-	-	-	25.7	25.7	-
	<u>200.5</u>	<u>-</u>	<u>499.2</u>	<u>521.7</u>	<u>1,221.4</u>	
Financial liabilities						
Short-term loans from banks	-	-	300.0	-	300.0	2.90 - 3.05
Trade and other payables	-	-	-	551.1	551.1	-
Liabilities under finance lease agreements	4.1	8.8	-	-	12.9	2.46 - 5.01
Long-term loan from bank	64.9	113.4	-	-	178.3	3.90
	<u>69.0</u>	<u>122.2</u>	<u>300.0</u>	<u>551.1</u>	<u>1,042.3</u>	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from purchase and sale finished goods transactions that are denominated in foreign currencies. The Company seeks to reduce this risks by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 30 September		as at 30 September		as at 30 September	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	1.2	1.1	0.8	33.37	34.70
Japanese yen	4.0	2.8	141.8	124.4	0.30	0.34

Foreign exchange contracts outstanding are summarised below.

As at 30 September 2017

Foreign currency	Bought amount	Contractual exchange bought rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	33.93 - 34.16	December 2017 - January 2018
Japanese yen	30.0	0.30 - 0.31	November 2017 - March 2018

As at 30 September 2016			
Foreign currency	Bought amount	Contractual exchange bought rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3	34.72 - 34.83	February - March 2017
Japanese yen	49.6	0.34 - 0.35	March - April 2017

30.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, loans bear interest closed to market interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

As at 30 September 2017, the Company had the assets that were disclosed at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	346	-	346

During the current year, there were no transfers within the fair value hierarchy.

31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 30 September 2017, the Company's debt-to-equity ratio was 0.65:1 (2016: 0.68:1).

32. Event after the reporting period

The meeting of company's Board of director, held on 21 November 2017 passed the resolution to propose the payment of a dividend for the year 2017 of Baht 0.80 per share. Since the Company's Board of Directors previously approved an interim dividend from income of the year 2017 of Baht 0.25 per share, the remaining dividend payment is Baht 0.55 per share, amounting to Baht 142.89 million. The Board of Director will propose the dividend payment for approval by the Annual General Meeting of the Company's Shareholders for the year 2017.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 November 2017.