Grant Thornton

Auditor's Review Report and

Interim Financial Statements of

# Sahamitr Pressure Container Public Company Limited

For the Three-Month and Nine-Month Periods Ended

30 September 2017

Grant Thornton

# INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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**To the shareholders of Sahamitr Pressure Container Public Company Limited**

I have reviewed the accompanying statement of financial position as at 30 September 2017 of Sahamitr Pressure Container Public Company Limited, and the related statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2017, and the statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2017 and condensed notes to the interim financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34, "Interim financial reporting". My responsibility is to issue a conclusion on this interim financial information based on my review.

*Scope of Review*

I conducted my review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on the interim financial information.

*Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34, "Interim financial reporting".

Narin Churamongkol

**Mr. Narin Churamongkol**
Certified Public Accountant
Registration No. 8593

Bangkok
10 November 2017

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SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

| | Notes | Thousand Baht 30 September 2017 (Unaudited but reviewed) | 31 December 2016 (Audited) |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 60,350 | 94,807 |
| Temporary investment | 7 | 80,000 | - |
| Trade accounts receivable | 8 | 389,980 | 417,755 |
| Inventories - net | 9 | 720,141 | 571,310 |
| Refundable value added tax | | 21,640 | 23,985 |
| Other current assets | | 18,145 | 8,921 |
| **Total Current Assets** | | 1,290,256 | 1,116,778 |
| **NON-CURRENT ASSETS** | | | |
| Receivable from related parties under guarantee obligation - net | 5 | - | - |
| Restricted deposits with banks | 10 | 35,902 | 35,869 |
| Investment property | 11 | 41,722 | 41,722 |
| Property, plant and equipment - net | 12 | 916,769 | 876,924 |
| Deferred income tax asset | | 12,305 | 10,866 |
| Other non-current assets | | 432 | 432 |
| **Total Non-Current Assets** | | 1,007,130 | 965,813 |
| **TOTAL ASSETS** | | 2,297,386 | 2,082,591 |

The accompanying notes form an integral part of these interim financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Thousand Baht | |
|---|---|---|---|
| | Notes | 30 September 2017 (Unaudited but reviewed) | 31 December 2016 (Audited) |
| **CURRENT LIABILITIES** | | | |
| Short-term loans from bank | 13 | 312,691 | 291,194 |
| Trade accounts payable | | 289,585 | 226,777 |
| Current portion of | | | |
| - Long-term loan from bank | 14 | - | 11,100 |
| - Liabilities under finance leases | 15 | 1,328 | 1,740 |
| Advances from customers | | 84,798 | 43,130 |
| Accrued commission expenses | | 46,594 | 47,354 |
| Accrued transportation expenses | | 22,342 | 24,917 |
| Accrued income tax | | 38,355 | 58,920 |
| Other accrued expenses | 5 | 70,111 | 37,738 |
| Other current liabilities | | 10,550 | 8,525 |
| **Total Current Liabilities** | | 876,354 | 751,395 |
| **NON-CURRENT LIABILITIES** | | | |
| Liabilities under finance lease agreements - net | 15 | 5,079 | 6,009 |
| Liabilities under employee benefits obligation | 5,16 | 37,550 | 30,681 |
| **Total Non-Current Liabilities** | | 42,629 | 36,690 |
| **Total Liabilities** | | 918,983 | 788,085 |

The accompanying notes form an integral part of these interim financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY (Continue)

| | | Thousand Baht | |
|---|---|---|---|
| | Notes | 30 September 2017 (Unaudited but reviewed) | 31 December 2016 (Audited) |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital-ordinary shares, Baht 1 par value | | | |
| Authorized 536,405,305 shares | | 536,405 | 536,405 |
| Issued and fully paid-up 531,987,443 shares | | | |
| (2016 : 529,127,108 shares) | 17 | 531,987 | 529,127 |
| Premium on share capital | 17 | 34,746 | 18,328 |
| Capital reserve for share-based payment transaction | 18 | 1,826 | 2,274 |
| Retained earnings | | | |
| - Appropriated for legal reserve | | 53,641 | 53,641 |
| - Unappropriated | | 756,203 | 691,136 |
| **TOTAL SHAREHOLDERS' EQUITY** | | 1,378,403 | 1,294,506 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | 2,297,386 | 2,082,591 |

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED (Unaudited but reviewed)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER

| | | Thousand Baht | | | |
|---|---|---|---|---|---|
| | | Three-month periods ended 30 September | | Nine-month periods ended 30 September | |
| | Notes | 2017 | 2016 | 2017 | 2016 |
| Net sales | 21 | 1,126,003 | 899,675 | 3,128,016 | 2,460,770 |
| Costs of sales | 21 | (851,797) | (651,012) | (2,421,692) | (1,705,399) |
| **Gross profit** | | 274,206 | 248,663 | 706,324 | 755,371 |
| Other income | 20 | 50,337 | 38,293 | 131,009 | 101,968 |
| **Income before expense** | | 324,543 | 286,956 | 837,333 | 857,339 |
| Selling expenses | | (80,890) | (66,559) | (222,577) | (190,604) |
| Administrative expenses | | (46,067) | (45,106) | (135,617) | (132,142) |
| **Income before financial costs and income tax** | | 197,586 | 175,291 | 479,139 | 534,593 |
| Financial costs | | (2,092) | (2,253) | (5,977) | (7,711) |
| **Income before income tax** | | 195,494 | 173,038 | 473,162 | 526,882 |
| Income tax | | (38,278) | (34,554) | (92,044) | (104,498) |
| INCOME FOR THE PERIODS | | 157,216 | 138,484 | 381,118 | 422,384 |
| **Other comprehensive loss for the periods** | | | | | |
| **Items not to be reclassified subsequently to profit or loss** | | | | | |
| Actuarial loss - net of tax | 16 | - | - | (3,162) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIODS | | 157,216 | 138,484 | 377,956 | 422,384 |
| **Basic earnings per share** | | | | | |
| Income (Baht per share) | | 0.30 | 0.26 | 0.72 | 0.80 |
| Weighted average number of common shares (share) | | 531,987,443 | 529,127,108 | 530,206,282 | 527,774,102 |
| **Diluted earnings per share** | | | | | |
| Income (Baht per share) | | 0.29 | 0.26 | 0.72 | 0.80 |
| Weighted average number of common shares (share) | | 533,514,838 | 531,341,546 | 531,733,677 | 529,988,540 |

The accompanying notes form an integral part of these interim financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

(Unaudited but reviewed)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER

| | | Thousand Baht | | | | | |
|---|---|---|---|---|---|---|---|
| | | Share Capital | Premium | Capital reserve | Retained earnings | | |
| | | Issued and | on Share | for share-based | Appropriated for | | |
| | Notes | Fully Paid-Up | Capital | payment transaction | Legal Reserve | Unappropriated | Total |
| **Balance as at 1 January 2016** | | 526,996 | 6,098 | 1,833 | 37,908 | 493,061 | 1,065,896 |
| Recognition of share-base payment | 18 | - | - | 1,833 | - | - | 1,833 |
| Share capital increment | | 2,131 | 12,230 | (2,003) | - | - | 12,358 |
| Dividend payment | 19 | - | - | - | - | (327,330) | (327,330) |
| **Transactions with owners** | | 2,131 | 12,230 | (170) | - | (327,330) | (313,139) |
| Income for the period | | - | - | - | - | 422,384 | 422,384 |
| **Comprehensive income for the period** | | - | - | - | - | 422,384 | 422,384 |
| **Balance as at 30 September 2016** | | 529,127 | 18,328 | 1,663 | 37,908 | 588,115 | 1,175,141 |
| **Balance as at 1 January 2017** | | 529,127 | 18,328 | 2,274 | 53,641 | 691,136 | 1,294,506 |
| Recognition of share-base payment | 18 | - | - | 2,241 | - | - | 2,241 |
| Share capital increment | 17,18 | 2,860 | 16,418 | (2,689) | - | - | 16,589 |
| Dividend payment | 19 | - | - | - | - | (312,889) | (312,889) |
| **Transactions with owners** | | 2,860 | 16,418 | (448) | - | (312,889) | (294,059) |
| Income for the period | | - | - | - | - | 381,118 | 381,118 |
| Actuarial loss - net of tax | | - | - | - | - | (3,162) | (3,162) |
| **Comprehensive income for the period** | | - | - | - | - | 377,956 | 377,956 |
| **Balance as at 30 September 2017** | | 531,987 | 34,746 | 1,826 | 53,641 | 756,203 | 1,378,403 |

The accompanying notes form an integral part of these interim financial statements.

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED (Unaudited but reviewed)

STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER

| | Thousand Baht | |
|---|---|---|
| | 2017 | 2016 |
| **Cash flows from operating activities:** | | |
| Income before income tax | 473,162 | 526,882 |
| **Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities:** | | |
| Depreciation | 38,701 | 31,863 |
| Unrealized loss (gain) on exchange rate - net | (1,299) | 147 |
| Provision for employee benefits obligation | 1,946 | 1,356 |
| Gain on disposal of assets | (196) | (1,105) |
| Expense for share-based payment | 2,241 | 1,833 |
| Gain from sale of temporary investment | (64) | - |
| Interest expense | 5,977 | 7,711 |
| **Cash provided from operations before changes in operating assets and liabilities** | 520,468 | 568,687 |
| **Decrease (increase) in operating assets:** | | |
| Trade accounts receivable | 29,022 | 157,579 |
| Inventories | (148,830) | (197,454) |
| Refundable value added tax | 2,345 | 4,000 |
| Other current assets | (9,286) | (3,258) |
| **Increase (decrease) in operating liabilities:** | | |
| Trade accounts payable | 62,783 | (3,633) |
| Advances received from customers | 41,981 | (4,739) |
| Accrued commission expenses | (950) | 9,118 |
| Accrued transportation expenses | (2,575) | 1,450 |
| Other accrued expenses | 32,514 | 28,003 |
| Other current liabilities | 985 | (46) |
| **Cash provided from operations** | 528,457 | 559,707 |

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED (Unaudited but reviewed)

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER

| | Thousand Baht | |
|---|---|---|
| | 2017 | 2016 |
| **Cash provided from operations (continued)** | 528,457 | 559,707 |
| Interest paid | (5,087) | (6,923) |
| Income tax deducted at sources | (342) | (560) |
| Income tax paid | (112,917) | (34,927) |
| **Net cash provided from operating activities** | 410,111 | 517,297 |
| **Cash flows from investing activities:** | | |
| Purchase of temporary investment | (120,000) | - |
| Proceeds from disposal of temporary investment | 40,064 | - |
| Increase in restricted deposits with bank | (33) | (32) |
| Proceeds from disposal of assets | 196 | 1,246 |
| Purchase of property, plant and equipment | (78,546) | (108,121) |
| **Net cash used in investing activities** | (158,319) | (106,907) |
| **Cash flows from financing activities:** | | |
| Increase (decrease) in short-term loans from bank | 21,452 | (72,146) |
| Repayment of long-term loan from bank | (11,100) | (17,100) |
| Repayment of liabilities under finance leases | (1,342) | (785) |
| Dividend payment | (311,848) | (326,219) |
| Proceeds from common stock from the exercise of share purchase warrants | 16,589 | 12,358 |
| **Net cash used in financing activities** | (286,249) | (403,892) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (34,457) | 6,498 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 94,807 | 58,641 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 60,350 | 65,139 |
| **Supplemental cash flows information:** | | |
| Non-cash transactions: | | |
| - Purchase of vehicles under finance lease agreement | - | 8,015 |

The accompanying notes form an integral part of these interim financial statements.

**SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED**
**NOTES TO INTERIM FINANCIAL STATEMENTS**
**AS AT 30 SEPTEMBER 2017 (Unaudited but reviewed)**
(With comparative information for 2016 (audited))

1. NATURE OF BUSINESS

Sahamitr Pressure Container Public Company Limited was incorporated as a public company in Thailand, and has been listed on the Stock Exchange of Thailand. The Company is engaged in the manufacturing of LPG and other pressure cylinders for both domestic and export sales.

2. GENERAL INFORMATION AND BASIS OF INTERIM FINANCIAL STATEMENTS PREPARATION

These interim financial statements are prepared in accordance with Thai Accounting Standard No.34 (Amended 2016) "Interim financial reporting", whereby the Company chooses to present condensed interim financial statements. However, additional line items are presented in the financial statements to bring them into the full format similar to the annual financial statements.

The interim financial statements are prepared to provide information in addition to those included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances to avoid repetition of information previously reported. These interim financial statements should therefore be read in conjunction with the financial statements for the year ended 31 December 2016.

The interim financial statements are officially prepared in Thai language. The translation of these financial statements to other language must conform to the Thai financial report.

3. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared by using the same accounting policies and methods of computation as were used in the preparation of the financial statements for the year ended 31 December 2016 with additional policy for:

Temporary investment
Marketable securities held-for-trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

The fair value of investments classified as held-for-trading is based on the net asset value of the mutual fund at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

During the year 2016, the Federation of Accounting Professions has announced the new and amendments to some Thai Accounting Standards and Thai Financial Reporting Standards, and Accounting Standard Interpretations and Financial Reporting Standards Interpretations, which are effective for the preparation of financial statements with accounting periods beginning on or after 1 January 2017. The Company has adopted the application of those standards and interpretations for preparation of financial statements effective 1 January 2017. These accounting standards and interpretations do not have significant impact on the financial position and results of operations for the period.

## 4. ESTIMATES AND JUDGEMENT

When preparing the interim financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the annual financial statements for the year ended 31 December 2016.

## 5. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties that are related to it through common shareholding and/or directorship. Thus, the financial statements reflect the effects of those transactions on the basis agreed upon between the Company and its related parties, which basis might be different from the basis used for transactions with unrelated parties.

Significant balances with related parties as at 30 September 2017 and 31 December 2016 consist of:

| | Thousand Baht | |
|---|---|---|
| | 30 September 2017 | 31 December 2016 |
| Receivables from directors, under guarantee obligation for Sahamitr Steel Co., Ltd. | | |
| - Estate of Mr.Sutham Ekahitanond | 191,210 | 191,210 |
| - Mrs. Supha Phromsaka Na Sakolnakorn | 191,210 | 191,210 |
| Total | 382,420 | 382,420 |
| Less Allowance for doubtful accounts | (382,420) | (382,420) |
| Net | - | - |
| Key management personnel compensation | | |
| Provision for post-employment benefits | 14,987 | 14,085 |

The current portion of the provision for post-employment benefits is presented as "Other accrued expenses" and the non-current portion is presented as "Liabilities under employee benefits obligation".

Significant transactions with related parties for the three-month and nine-month periods ended 30 September 2017 and 2016 consist of:

| | Thousand Baht | | | |
|---|---|---|---|---|
| | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
| | 2017 | 2016 | 2017 | 2016 |
| Key management personnel compensation | | | | |
| Current employment benefits | 19,927 | 19,454 | 59,521 | 58,162 |
| Provision for post–employment benefits | 86 | 72 | 259 | 217 |
| Total | 20,013 | 19,526 | 59,780 | 58,379 |

## 6. CASH AND CASH EQUIVALENTS

| | Thousand Baht | |
|---|---|---|
| | 30 September 2017 | 31 December 2016 |
| Cash | 330 | 290 |
| Saving accounts with banks | 54,351 | 88,553 |
| Current accounts with banks | 5,669 | 5,964 |
| Total | 60,350 | 94,807 |

## 7. TEMPORARY INVESTMENT

Movements in the temporary investment during the nine-month period ended 30 September 2017 are summarized below.

| | Thousand Baht |
|---|---|
| Balance as at 1 January 2017 | - |
| Add Additions | 120,000 |
| Less Disposals | (40,064) |
| Realized gain from sale of temporary investments | 64 |
| Balance as at 30 September 2017 | 80,000 |

The Company has invested in an open-end mutual fund which yields more return than general savings deposits. The investment does not have any restriction for redemption and has been classified as held-for-trading.

## 8. TRADE ACCOUNTS RECEIVABLE

As at 30 September 2017 and 31 December 2016, the aged trade accounts receivable are as follows:

| | Thousand Baht | |
|---|---|---|
| | 30 September 2017 | 31 December 2016 |
| Not yet due | 264,756 | 213,813 |
| Over due | | |
| Less than 3 months | 123,767 | 199,143 |
| More than 3 months, not over 6 months | 1,457 | 705 |
| More than 6 months, not over 12 months | - | 4,094 |
| Total | 389,980 | 417,755 |

The normal credit term is between 30 days and 90 days.

## 9. INVENTORIES – NET

| | Thousand Baht | |
|---|---|---|
| | 30 September 2017 | 31 December 2016 |
| Finished goods | 49,003 | 55,224 |
| Work in process | 57,000 | 36,579 |
| Raw materials and others | 614,794 | 480,163 |
| Total | 720,797 | 571,966 |
| Less Allowance for decline value of inventories | (656) | (656) |
| Net | 720,141 | 571,310 |

## 10. RESTRICTED DEPOSITS WITH BANKS

As at 30 September 2017 and 31 December 2016, the Company's fixed and saving deposits totalling Baht 35.90 million and Baht 35.87 million, respectively, are restricted for usage as they have been pledged as collaterals for letters of guarantee issued by a local bank for utilities usage, performance bonds and loans from bank.

## 11. INVESTMENT PROPERTY

As at 30 September 2017 and 31 December 2016, investment property is presented at fair value which had been determined by an independent appraiser by comparing the market price to other properties near its location (Level 2). The above investment property has been mortgaged as collateral for credit facilities as discussed in Notes 13 and 14 to the financial statements.

During the nine-month period ended 30 September 2017, there were no significant movement in the fair value of the investment property.

## 12. PROPERTY, PLANT AND EQUIPMENT - NET

During the nine-month period ended 30 September 2017, the Company has the following condensed movements in property, plant and equipment:

| | Thousand Baht |
|---|---|
| Net book value as at 1 January 2017 | 876,924 |
| Purchases of assets | 78,546 |
| Depreciation for the period | (38,701) |
| Net book value as at 30 September 2017 | 916,769 |

Land and buildings and a part of machinery have been mortgaged as collateral for credit facilities with a bank as mentioned in Notes 13 and 14.

## 13. SHORT-TERM LOANS FROM BANK

| | Thousand Baht | |
|---|---|---|
| | 30 September 2017 | 31 December 2016 |
| Liabilities under trust receipts | 312,691 | 277,758 |
| Promissory note | - | 13,436 |
| Total | 312,691 | 291,194 |

As at 30 September 2017, the Company has credit facilities from bank totaling Baht 5,581 million (31 December 2016 : Baht 5,231 million). The promissory notes and liabilities under trust receipts bear interest at the rates of 1.6% - 2.2% per annum (31 December 2016 : 1.5% - 4.5% per annum). These loans are collateralized by the mortgage of the Company's land, buildings thereon and machinery, investment property, bank deposit, the pledge of the Company's shares belonging to the Company's shareholders and the personal guarantees of certain Company's directors.

## 14. LONG-TERM LOAN FROM BANK

Movements in the long-term loan during the nine-month period ended 30 September 2017 are summarized below.

| | Thousand Baht |
|---|---|
| Balance as at 1 January 2017 | 11,100 |
| Less Repayments | (11,100) |
| Balance as at 30 September 2017 | - |

For the nine-month period ended 30 September 2017, the long-term loan from bank was fully repaid.

## 15. LIABILITIES UNDER FINANCE LEASE AGREEMENTS - NET

| | Thousand Baht | |
|---|---|---|
| | 30 September 2017 | 31 December 2016 |
| Liabilities under financial leases | | |
| Due within 1 year | 1,754 | 2,114 |
| Due over 1 year but not more than 4 years | 5,487 | 6,786 |
| Total | 7,241 | 8,900 |
| Less Deferred interest | (834) | (1,151) |
| | 6,407 | 7,749 |
| Less Portion due within 1 year | (1,328) | (1,740) |
| Net | 5,079 | 6,009 |

The Company has financial lease agreements for vehicles that are being used in the operations with installment periods of 48 - 49 months.

## 16. LIABILITIES UNDER EMPLOYEE BENEFITS OBLIGATION

During the nine-month period ended 30 September 2017, movements in liabilities under employee benefits obligation are as follow:

| | Thousand Baht |
|---|---|
| Balance as at 1 January 2017 | 30,681 |
| Actuarial loss | 3,952 |
| Expense for the period | 2,917 |
| Balance as at 30 September 2017 | 37,550 |

During the nine-month period ended 30 September 2017, the Company has remeasured liabilities under employee benefits obligation. The valuation was performed by an independent actuary.

The employee benefits expense were recorded in the statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

| | Thousand Baht | | | |
|---|---|---|---|---|
| | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
| | 2017 | 2016 | 2017 | 2016 |
| **Recognized in profit or loss** | | | | |
| Service cost | 649 | 452 | 1,946 | 1,356 |
| Interest cost | 323 | 284 | 971 | 851 |
| **Recognized in other comprehensive income** | | | | |
| Actuarial loss - net of tax | - | - | 3,162 | - |

## 17. SHARE CAPITAL AND PREMIUM ON SHARE CAPITAL

For the nine-month period ended 30 September 2017, the warrant holders exercised 2,860,335 warrants to buy 2,860,335 common shares with an exercise price of Baht 5.80 per share. The Company has received additional paid-up share capital, share premium and adjustment to recognize warrants of Baht 2.86 million, Baht 16.42 million and Baht 2.69 million, respectively.

## 18. WARRANTS

During the nine-month periods ended 30 September 2017 and 2016, movements in warrants and capital reserve for share–based payment transactions are as follows:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Number of warrants (Unit) | Capital reserve for share – based payment transactions (Thousand Baht) | Number of warrants (Unit) | Capital reserve for share – based payment transactions (Thousand Baht) |
| Balance as at 1 January | 6,992,105 | 2,274 | 9,122,700 | 1,833 |
| Recognition of share-base payment as expenses during the period | - | 2,241 | - | 1,833 |
| Exercise of warrants | (2,860,335) | (2,689) | (2,130,595) | (2,003) |
| Balance as at 30 September | 4,131,770 | 1,826 | 6,992,105 | 1,663 |

## 19. DIVIDEND PAYMENT

At the 2017 Annual General Meeting of Shareholders held on 30 March 2017, the shareholders passed a resolution to pay a dividend from the profit for the year ended 31 December 2016 of Baht 0.64 per share. An approved interim dividend payment for the six-month period ended 30 June 2016 had already been paid of Baht 0.30 per share for 529,127,108 shares, totaling Baht 159 million on 9 September 2016. The remaining dividend payment for the period from 1 July 2016 to 31 December 2016 of Baht 0.34 per share, totaling Baht 180 million, was paid on 28 April 2017.

At the Board of Directors' meeting No. 3/2017 held on 10 August 2017, the Board of Director passed a resolution to pay an interim dividend payment from the operating profit for the six-month period ended 30 June 2017 of Baht 0.25 per share for 531,987,443 shares, totalling Baht 133 million. The dividend was paid on 8 September 2017.

As at 30 September 2017, the Company has an accrual for dividends payable amounting to Baht 2.56 million (31 December 2016 : Baht 1.52 million) under current liabilities.

## 20. OTHER INCOME

Other income for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

| | Thousand Baht | | | |
|---|---|---|---|---|
| | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
| | 2017 | 2016 | 2017 | 2016 |
| Revenue from scrap sales | 33,938 | 27,304 | 97,171 | 81,194 |
| Gain on exchange rate | 8,678 | 5,805 | 21,546 | 11,029 |
| Freight income | 303 | 571 | 1,491 | 1,967 |
| Interest income | 66 | 87 | 345 | 369 |
| Revenue from product quality test | 5,357 | 2,813 | 5,817 | 3,043 |
| Others | 1,995 | 1,713 | 4,639 | 4,366 |
| Total | 50,337 | 38,293 | 131,009 | 101,968 |

## 21. SEGMENTAL FINANCIAL INFORMATION

Significant segmental financial information for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

| | Thousand Baht | | | | | |
|---|---|---|---|---|---|---|
| | For the three-month periods ended 30 September | | | | | |
| | 2017 | | | 2016 | | |
| | Domestic | Export | Total | Domestic | Export | Total |
| Net sales | 31,189 | 1,094,814 | 1,126,003 | 35,925 | 863,750 | 899,675 |
| Cost of sales | (19,512) | (832,285) | (851,797) | (19,566) | (631,446) | (651,012) |
| Gross profit | 11,677 | 262,529 | 274,206 | 16,359 | 232,304 | 248,663 |

Major Customer

For the three-month period ended 30 September 2017, the Company's revenues arose from sales to major private companies totalling to Baht 138.68 million (30 September 2016 : Baht 262.89 million).

| | Thousand Baht | | | | | |
|---|---|---|---|---|---|---|
| | For the nine-month periods ended 30 September | | | | | |
| | 2017 | | | 2016 | | |
| | Domestic | Export | Total | Domestic | Export | Total |
| Net sales | 117,978 | 3,010,038 | 3,128,016 | 117,177 | 2,343,593 | 2,460,770 |
| Cost of sales | (85,814) | (2,335,878) | (2,421,692) | (69,801) | 1,635,598) | (1,705,399) |
| Gross profit | 32,164 | 674,160 | 706,324 | 47,376 | 707,995 | 755,371 |

Gross profit for domestic and export sales derived from the deduction of related costs of sales, which are calculated by the weighted average standard cost of each product.

Major Customer

For the nine-month period ended 30 September 2017, the Company's revenues arose from sales to major private companies totalling to Baht 562.98 million (30 September 2016 : Baht 276.47 million).

## 22. COMMITMENTS

As at 30 September 2017, the Company has the following commitments:

22.1 An obligation under a domestic bank guarantee amounting to Baht 1,065.09 million (31 December 2016 : Baht 788.15 million) for the issuance of letters of guarantee to the Customs Department to exempt the Company from paying anti-dumping duties for materials imported for manufacturing and re-exported within one-year.

22.2 Obligations under domestic bank guarantees for electricity usage and other matters totalling Baht 54.90 million (31 December 2016 : Baht 37.16 million).

Such letters of guarantee are guaranteed by the mortgage of the Company's land, buildings and certain machinery as disclosed in Notes 11 and 12 and the personal guarantee of certain of the Company's director.

## 23. FINANCIAL INSTRUMENTS

*Foreign Currency Risk*

The Company has foreign currency risk exposure relating to sales and purchases denominated in foreign currencies. As at 30 September 2017, the Company has unhedged assets and liabilities in foreign currencies from the import and export of products with natural hedges as follows:

| | 30 September 2017 | | |
|---|---|---|---|
| | Foreign currencies (Thousand Unit) | Exchange rate (Closing rate) | Baht equivalent (Thousand Baht) |
| Cash and cash equivalent in foreign currencies | | | |
| USD | 34 | 33.2043 | 1,119 |
| Trade accounts receivable in foreign currencies | | | |
| USD | 8,489 | 33.2043 | 280,034 |
| EUR | 2,541 | 38.9463 | 99,545 |
| Trade accounts payable in foreign currencies | | | |
| USD | 2,999 | 33.5324 | 100,571 |
| Short–term loans from bank in foreign currency | | | |
| USD | 9,325 | 33.5324 | 312,691 |
| Advances from customers in foreign currency | | | |
| USD | 1,670 | 33.5324 | 55,985 |
| EUR | 406 | 39.6762 | 16,122 |
| GBP | 115 | 45.2583 | 5,216 |
| Accrued commission expenses in foreign currency | | | |
| USD | 1,204 | 33.5324 | 40,369 |
| EUR | 157 | 39.6762 | 6,225 |

## 24. CONTINGENT LIABILITIES

On 1 April 2015, a company, who owns land near the Company's factory area, sued the Company as a joint defendant with four other parties in the Civil Court for compensation caused by the Company's production process amounting to Baht 130.94 million of a total claim amount Baht 201.88 million, which includes interest at a rate of 7.50 percent per annum from 1 April 2015 to the expected payment date. The Civil Court determined that this is an environmental claim on 30 January 2017 subsequently disposed the case for the defendant No 3, 4 and 5. Currently, the Company has improved its factory to reduce the environmental impact as plaintiff's requirement, which is in inspecting process by an independent expert. The Civil Court has scheduled for hearing the results of the inspection on 29 January 2018.

In addition, the plaintiff is suing Government authorities in respect of the legality of the issuance of Company's factory license. Consequently, the Company has been subpoenaed as an interpleader by the Central Administrative Court. Currently, the Company is waiting for the order of the Central Administrative Court.

The Company believes that their business operations are compliant with the law and there will be no any damages from such case. The Company therefore, has not set up any provision in the financial statements.

## 25. APPROVAL OF FINANCIAL STATEMENTS

These interim financial statements have been approved by the Company's Board of Directors on 10 November 2017.

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