

**Thai Carbon Black Public Company Limited
and its Subsidiary**

Financial statements for the year ended
31 March 2016
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Thai Carbon Black Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Thai Carbon Black Public Company Limited and its subsidiary (the "Group"), and of Thai Carbon Black Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 March 2016, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Orawan Chunhakitpaisan)
Certified Public Accountant
Registration No. 6105

KPMG Phoomchai Audit Ltd.
Bangkok
30 May 2016

Thai Carbon Black Public Company Limited and its Subsidiary

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March		31 March	
		2016	2015	2016	2015
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	5	2,382,505,248	1,062,823,171	2,382,410,374	1,062,481,639
Trade accounts receivable	6	690,611,423	889,311,186	690,611,423	889,311,186
Other receivables	4	163,628,233	118,682,529	163,628,233	118,682,529
Inventories	7	573,891,711	403,725,486	573,891,711	403,725,486
Current portion of long-term loan to related party	4	5,153,827,456	-	6,065,196,504	-
Current portion of long-term interest receivables	4	1,218,205,493	-	1,218,205,493	-
Other current assets		120,238,544	130,946,451	120,133,688	130,863,292
Total current assets		10,302,908,108	2,605,488,823	11,214,077,426	2,605,064,132
Non-current assets					
Investments in equity-accounted investees	8	3,396,785,178	3,011,162,025	770,364,083	770,364,083
Investments in subsidiary	9	-	-	12,853,530	12,853,530
Other long-term investments	10	1,580,604,161	1,580,604,161	1,580,604,161	1,580,604,161
Long-term loan to related party	4	-	4,995,043,355	-	5,604,568,163
Long-term interest receivables	4	-	867,395,350	-	867,395,350
Property, plant and equipment	11	1,535,757,524	1,614,106,655	1,535,757,524	1,614,106,655
Intangible assets		24,321,050	24,321,050	24,321,050	24,321,050
Deferred tax assets	12	134,833,610	76,967,726	134,833,610	76,967,726
Other non-current assets		3,531,569	2,980,570	3,531,569	2,980,570
Total non-current assets		6,675,833,092	12,172,580,892	4,062,265,527	10,554,161,288
Total assets		16,978,741,200	14,778,069,715	15,276,342,953	13,159,225,420

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

Thai Carbon Black Public Company Limited and its Subsidiary

Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March		31 March	
Liabilities and equity		2016	2015	2016	2015
		<i>(in Baht)</i>			
Current liabilities					
Trade accounts payable	4, 13	186,399,503	307,995,843	186,399,503	307,995,842
Other payables	4, 14	284,365,093	318,303,460	284,365,093	318,251,001
Current portion of long-term loan from financial institutions	15	65,979,884	1,030,138,200	65,979,884	1,030,138,200
Income tax payable		25,303,593	68,497,902	25,303,593	68,497,902
Other current liabilities	16	437,582,649	51,385,146	437,582,649	51,385,146
Total current liabilities		999,630,722	1,776,320,551	999,630,722	1,776,268,091
Non-current liabilities					
Long-term loan from financial institutions	15	3,704,356,742	1,425,435,375	3,704,356,742	1,425,435,375
Employee benefit obligations	17	93,162,192	94,448,235	93,162,192	94,448,235
Total non-current liabilities		3,797,518,934	1,519,883,610	3,797,518,934	1,519,883,610
Total liabilities		4,797,149,656	3,296,204,161	4,797,149,656	3,296,151,701
Equity					
Share capital:					
Authorised share capital	18	300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid-up share capital		300,000,000	300,000,000	300,000,000	300,000,000
Additional paid in capital:					
Premium on ordinary shares	18	930,000,000	930,000,000	930,000,000	930,000,000
Retained earnings					
Appropriated					
Legal reserve	19	30,000,000	30,000,000	30,000,000	30,000,000
Unappropriated		12,279,597,234	11,532,346,208	9,219,193,297	8,603,073,719
Other components of equity	19	(1,358,005,690)	(1,310,480,654)	-	-
Total equity		12,181,591,544	11,481,865,554	10,479,193,297	9,863,073,719
Total liabilities and equity		16,978,741,200	14,778,069,715	15,276,342,953	13,159,225,420

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

Thai Carbon Black Public Company Limited and its Subsidiary

Statement of income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 March		Year ended 31 March	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Income					
Revenue from sale of goods	25	4,835,734,333	6,607,615,395	4,835,734,333	6,607,615,395
Dividend income	4, 8, 10	39,454,762	11,386,503	69,657,040	39,397,792
Interest income		285,275,202	247,737,003	285,275,202	247,737,003
Net foreign exchange gain		-	117,535,478	-	117,535,479
Gain on sales of investment in associate	8	-	-	-	158,575
Other income	21	86,815,985	5,641,598	86,815,985	5,596,349
Total income		5,247,280,282	6,989,915,977	5,277,482,560	7,018,040,593
Expenses					
Cost of sales of goods	23	3,778,891,436	5,423,307,703	3,778,891,436	5,423,307,703
Selling expenses	23	129,152,944	157,388,710	129,152,944	157,388,711
Administrative expenses	23	287,965,026	280,352,612	287,803,047	276,977,173
Impairment loss on investments in associate		-	-	-	8,304,892
Impairment loss on other long-term investments	4, 10	-	59,358,500	-	59,358,500
Net foreign exchange loss		55,605,921	-	55,605,921	-
Finance costs		111,423,997	126,966,482	111,423,997	126,966,482
Total expenses		4,363,039,324	6,047,374,007	4,362,877,345	6,052,303,461
Share of profit of equity-accounted investees					
Associates	8	161,495,705	166,262,568	-	-
Total		161,495,705	166,262,568	-	-
Profit before income tax expense		1,045,736,663	1,108,804,538	914,605,215	965,737,132
Income tax expense	24	118,485,637	115,299,973	118,485,637	115,299,973
Profit for the year attributable to owners of the Company		927,251,026	993,504,565	796,119,578	850,437,159
Basic earnings per share (in Baht)	26	3.09	3.31	2.65	2.83

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

Thai Carbon Black Public Company Limited and its Subsidiary
Statement of comprehensive income

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 March		Year ended 31 March	
<i>Note</i>	2016	2015	2016	2015
	<i>(in Baht)</i>			
Profit for the year	927,251,026	993,504,565	796,119,578	850,437,159
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	<u>(47,525,036)</u>	<u>(775,424,886)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(47,525,036)</u>	<u>(775,424,886)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>879,725,990</u>	<u>218,079,679</u>	<u>796,119,578</u>	<u>850,437,159</u>

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

Thai Carbon Black Public Company Limited and its Subsidiary
Statement of changes in equity

		Consolidated financial statements						
		<u>Retained earnings</u>			<u>Other components of equity</u>			Total
	<i>Note</i>	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated <i>(in Baht)</i>	Currency translation differences	Total other components of equity	Total equity attributable to owners of the Company
Year ended 31 March 2015								
Balance at 1 April 2014		300,000,000	930,000,000	30,000,000	10,670,841,643	(537,342,933)	(537,342,933)	11,393,498,710
Transaction with owners, recorded directly in equity								
Sales of investments in associate	8	-	-	-	-	2,287,165	2,287,165	2,287,165
Dividends to owners of the Company	27	-	-	-	(132,000,000)	-	-	(132,000,000)
Total transactions with owners, recorded directly in equity		-	-	-	(132,000,000)	2,287,165	2,287,165	(129,712,835)
Comprehensive income for the year								
Profit		-	-	-	993,504,565	-	-	993,504,565
Other comprehensive income		-	-	-	-	(775,424,886)	(775,424,886)	(775,424,886)
Total comprehensive income for the year		-	-	-	993,504,565	(775,424,886)	(775,424,886)	218,079,679
Balance as at 31 March 2015		300,000,000	930,000,000	30,000,000	11,532,346,208	(1,310,480,654)	(1,310,480,654)	11,481,865,554

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

Thai Carbon Black Public Company Limited and its Subsidiary
Statement of changes in equity

		Consolidated financial statements						
		<u>Retained earnings</u>			<u>Other components of equity</u>		Total equity	
	<i>Note</i>	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (in Baht)	Currency translation differences	Total other components of equity	attributable to owners of the Company
Year ended 31 March 2016								
Balance at 1 April 2015		300,000,000	930,000,000	30,000,000	11,532,346,208	(1,310,480,654)	(1,310,480,654)	11,481,865,554
Transaction with owners, recorded directly in equity								
Dividends to owners of the Company	27	-	-	-	(180,000,000)	-	-	(180,000,000)
Total transactions with owners, recorded directly in equity		-	-	-	(180,000,000)	-	-	(180,000,000)
Comprehensive income for the year								
Profit		-	-	-	927,251,026	-	-	927,251,026
Other comprehensive income		-	-	-	-	(47,525,036)	(47,525,036)	(47,525,036)
Total comprehensive income for the year		-	-	-	927,251,026	(47,525,036)	(47,525,036)	879,725,990
Balance as at 31 March 2016		300,000,000	930,000,000	30,000,000	12,279,597,234	(1,358,005,690)	(1,358,005,690)	12,181,591,544

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

Thai Carbon Black Public Company Limited and its Subsidiary

Statement of changes in equity

	<i>Note</i>	Separate financial statements			Total equity	
		Issued and paid-up share capital	Share premium	Retained earnings		
				Legal reserve <i>(in Baht)</i>		Unappropriated
Year ended 31 March 2015						
Balance at 1 April 2014		300,000,000	930,000,000	30,000,000	7,884,636,560	9,144,636,560
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company	27	-	-	-	(132,000,000)	(132,000,000)
Total transactions with owners, recorded directly in equity		-	-	-	(132,000,000)	(132,000,000)
Comprehensive income for the year						
Profit		-	-	-	850,437,159	850,437,159
Total comprehensive income for the year		-	-	-	850,437,159	850,437,159
Balance at 31 March 2015		300,000,000	930,000,000	30,000,000	8,603,073,719	9,863,073,719

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

Thai Carbon Black Public Company Limited and its Subsidiary

Statement of changes in equity

	Note	Separate financial statements			Total equity	
		Issued and paid-up share capital	Share premium	Retained earnings		
				Legal reserve (in Baht)		Unappropriated
Year ended 31 March 2016						
Balance at 1 April 2015		300,000,000	930,000,000	30,000,000	8,603,073,719	9,863,073,719
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company	27	-	-	-	(180,000,000)	(180,000,000)
Total transactions with owners, recorded directly in equity		-	-	-	(180,000,000)	(180,000,000)
Comprehensive income for the year						
Profit		-	-	-	796,119,578	796,119,578
Total comprehensive income for the year		-	-	-	796,119,578	796,119,578
Balance at 31 March 2016		300,000,000	930,000,000	30,000,000	9,219,193,297	10,479,193,297 ⁽¹⁾

(1) To comply with the requirements of Foreign Business Act license, an amount of Baht 510 million is required to be maintained as a minimum amount of unappropriated retained earnings.

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

Thai Carbon Black Public Company Limited and its Subsidiary

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 March		Year ended 31 March	
		2016	2015	2016	2015
(in Baht)					
<i>Cash flows from operating activities</i>					
Profit for the year		927,251,026	993,504,565	796,119,578	850,437,159
<i>Adjustments for</i>					
Depreciation	11	252,637,197	296,181,899	252,637,197	296,181,899
Amortisation of intangible assets		-	1,270,488	-	1,270,488
Provision (reversal of allowance) for decline in value of inventories	7	(474,683)	12,474,345	(474,683)	12,474,345
Dividend income		(39,454,762)	(11,386,503)	(69,657,040)	(39,397,792)
Interest income		(285,275,202)	(247,737,003)	(285,275,202)	(247,737,003)
Finance costs		83,332,753	102,319,191	83,332,753	102,319,191
Amortisation of deferred transaction costs		28,091,244	24,647,291	28,091,244	24,647,291
Unrealised loss (gain) on exchange rate		(335,247,323)	22,491,261	(335,236,801)	22,711,865
Unrealised loss on derivatives		414,454,455	24,029,748	414,454,455	24,029,748
Gain on disposal of property, plant and equipment		-	(180,086)	-	(180,086)
Gain on sale of investment in associate		-	-	-	(158,575)
Impairment loss on other long-term investment		-	59,358,500	-	59,358,500
Impairment loss on investment in an associate		-	-	-	8,304,892
Share of profit of equity-accounted investees, net of income tax	8	(161,495,705)	(166,262,568)	-	-
Employee benefit obligations		9,900,879	9,854,968	9,900,879	9,854,968
Income tax expense		118,485,637	115,299,973	118,485,637	115,299,973
		<u>1,012,205,516</u>	<u>1,235,866,069</u>	<u>1,012,378,017</u>	<u>1,239,416,863</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		197,237,292	216,565,417	197,237,292	216,565,417
Other receivables		(5,490,942)	(102,681,659)	(5,490,942)	(102,681,659)
Inventories		(169,691,542)	681,158,020	(169,691,542)	681,158,020
Other current assets		11,026,317	(13,814,953)	11,048,015	(14,661,987)
Other non-current assets		(550,999)	7,429,436	(550,999)	4,510,010
Trade accounts payable		(122,269,545)	(83,499,886)	(122,269,545)	(83,499,885)
Other payables		14,453,894	67,147,168	14,506,353	67,094,709
Other current liabilities		(28,256,952)	(144,657,086)	(28,256,952)	(144,559,787)
Employee benefit obligations paid		<u>(11,186,922)</u>	<u>(16,632,235)</u>	<u>(11,186,922)</u>	<u>(16,632,235)</u>
Cash generated from operating activities		897,476,117	1,846,880,291	897,722,775	1,846,709,466
Income tax paid		<u>(219,545,830)</u>	<u>(80,274,847)</u>	<u>(219,545,830)</u>	<u>(80,274,847)</u>
Net cash from operating activities		<u>677,930,287</u>	<u>1,766,605,444</u>	<u>678,176,945</u>	<u>1,766,434,619</u>

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

Thai Carbon Black Public Company Limited and its Subsidiary

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 March		Year ended 31 March	
Note	2016	2015	2016	2015
	(in Baht)			
<i>Cash flows from investing activities</i>				
Interest received	5,247,309	8,742,524	5,247,309	8,742,524
Dividend received	30,202,278	39,397,792	30,202,278	39,397,792
Purchase of property, plant and equipment	(223,724,540)	(74,254,346)	(223,724,540)	(74,254,346)
Purchase of intangible assets	-	(24,321,050)	-	(24,321,050)
Disposal of property, plant and equipment	-	180,086	-	180,086
Sale of investment in associate	-	8,470,683	-	8,470,683
Net cash used in investing activities	(188,274,953)	(41,784,311)	(188,274,953)	(41,784,311)
<i>Cash flows from financing activities</i>				
Interest paid	(82,288,540)	(103,658,998)	(82,288,540)	(103,658,998)
Dividends paid	(180,000,000)	(132,000,000)	(180,000,000)	(132,000,000)
Proceeds from borrowings (net of transaction costs of Baht 132.9 million)	3,784,340,983	-	3,784,340,983	-
Repayment of borrowings	(2,692,025,700)	(999,753,125)	(2,692,025,700)	(999,753,125)
Net cash from (used in) financing activities	830,026,743	(1,235,412,123)	830,026,743	(1,235,412,123)
Net increase in cash and cash equivalents	1,319,682,077	489,409,010	1,319,928,735	489,238,185
Cash and cash equivalents at 1 April	1,062,823,171	573,414,161	1,062,481,639	573,243,454
Cash and cash equivalents at 31 March	2,382,505,248	1,062,823,171	2,382,410,374	1,062,481,639
<i>Non-cash transactions</i>				
Payables for purchases of machinery and equipment	65,389,111	114,825,585	65,389,111	114,825,585
Dividend receivables	39,454,762	-	39,454,762	-

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

Thai Carbon Black Public Company Limited and its Subsidiary
Notes to the financial statements

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Thai Carbon Black Public Company Limited and its Subsidiary

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 30 May 2016.

1 General information

Thai Carbon Black Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office and factory as follow:

Head office : 888/122 and 128, Mahatun Plaza Building, 16th Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok.

Factory : 44 Moo 1, Ayuthaya-Angthong Highway, Posa, Muang, Angthong.

The Company was listed on the Stock Exchange of Thailand in 1990.

The major shareholders of the Company during the financial year were SKI Carbon Black (Mauritius) Limited (26.12%), Thai Rayon Public Company Limited (24.98%), and Everlon International Holdings Limited (12.56%).

The principal activities of the Group are the manufacture and sale of carbon black. Details of the Company’s subsidiary and associates as at 31 March 2016 and 2015 are given in notes 8 and 9.

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 30.

Thai Carbon Black Public Company Limited and its Subsidiary

Notes to the financial statements

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of estimates and judgements*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 12	Current and deferred taxation
Note 17	Measurement of defined benefit obligations

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Thai Carbon Black Public Company Limited and its Subsidiary

Notes to the financial statements

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entirety measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 28 Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”) and the Group’s interests in associates.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Associates

Associate is the entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associate is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of an associate, until the date on which significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the Group’s carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Thai Carbon Black Public Company Limited and its Subsidiary

Notes to the financial statements

(b) *Foreign currencies*

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates ruling at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Thai Carbon Black Public Company Limited and its Subsidiary

Notes to the financial statements

The fair value of interest rate swaps is based on broker quotes at the reporting date. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) *Trade and other receivables*

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) *Inventories*

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) *Investments*

Investments in subsidiary and associates

Investments in subsidiary and associates in the separate financial statements of the Company are accounted for using the cost method. Investment in associates in the consolidated financial statements is accounted for using the equity method.

Investments in equity securities

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

Thai Carbon Black Public Company Limited and its Subsidiary

Notes to the financial statements

If the Group 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.

(h) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and constructions	20 and 25 years
Machinery and equipment	5 and 10 years
Furniture, fixtures and office equipment	5 and 10 years
Vehicles	4 and 5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Thai Carbon Black Public Company Limited and its Subsidiary

Notes to the financial statements

(i) *Intangible assets*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software	5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Notes to the financial statements

(k) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(m) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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Notes to the financial statements

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sales of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Finance costs

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

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At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(r) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current tax and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Thai Carbon Black Public Company Limited and its Subsidiary

Notes to the financial statements

(t) Segment reporting

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiary and associates are described in note 8 and 9. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation / nationality	Nature of relationships
Thai Rayon Public Company Limited	Thailand	Major shareholder of the Company, 10% or more shareholding.
Thai Acrylic Fiber Co., Ltd.	Thailand	The Company has 10% or more shareholding, common directors.
SKI Carbon Black (India) Pvt Ltd.	India	Same ultimate parent company
Columbian Chemicals Company	U.S.A	Same ultimate parent company
Alexandria Carbon Black Company S.A.E	Egypt	Same ultimate parent company
Aditya Birla Sciences Co., Ltd.	India	Same ultimate parent company
Columbian Chemicals Europa GmbH	German	Same ultimate parent company
Columbian Chemicals Korea Co., Ltd.	South Korea	Same ultimate parent company
Columbian Chemicals Brazil Ltda.	Brazil	Same ultimate parent company
Key management personnel	Indian/Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Purchase of goods	With reference to market price
Interest income	LIBOR+3.5% per annum
Share of production cost - steam and electric power	With reference to market price
Expenses charged to/by related parties	Actual price
Other expenses	By mutual agreement

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Significant transactions for the year ended 31 March with related parties were as follows:

<i>Year ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Associates				
Interest income	279,709	238,956	279,709	238,956
Dividend income	-	-	30,202	28,011
Purchase of goods	220	-	220	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	37,569	36,315	37,569	36,315
Post-employment benefits	-	1,049	-	1,049
Total key management personnel compensation	37,569	37,364	37,569	37,364
Directors' remuneration	4,047	3,387	4,047	3,387
Other related parties				
Dividend income	-	11,387	-	11,387
Share of production cost - steam and electric power	335,346	287,866	335,346	287,866
Expenses charged to a related party	40,836	-	40,836	-
Rent expenses	3,240	3,240	3,240	3,240
Purchase of goods	69,262	1,712	69,262	1,712
Expenses charged by related parties	125,890	73,579	125,890	73,579

Balances as at 31 March with related parties were as follows:

<i>Other receivables - related parties</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other related parties	73,162	47,791	73,162	47,791
Total	73,162	47,791	73,162	47,791
Interest receivables - related party				
Associate				
Current portion	1,218,205	-	1,218,205	-
Non-current portion	-	867,395	-	867,395
Total	1,218,205	867,395	1,218,205	867,395

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Notes to the financial statements

<i>Loan to a related party</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Associate				
Current portion	5,153,827	-	6,065,197	-
Non-current portion	-	4,995,043	-	5,604,568
Total	<u>5,153,827</u>	<u>4,995,043</u>	<u>6,065,197</u>	<u>5,604,568</u>

Movements during the year ended 31 March of loan to a related party were as follows:

<i>Long-term loan to a related party</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Associate</i>				
At 1 April of the preceding year	4,995,043	5,608,477	5,604,568	5,608,477
Unrealised gain (loss) on exchange	460,629	(3,909)	460,629	(3,909)
Share of loss in total cumulative comprehensive income of an associate	<u>(301,845)</u>	<u>(609,525)</u>	-	-
At 31 March	<u>5,153,827</u>	<u>4,995,043</u>	<u>6,065,197</u>	<u>5,604,568</u>

<i>Trade accounts payable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Associate	235	-	235	-
Other related parties	9,920	-	9,920	-
Total	<u>10,155</u>	<u>-</u>	<u>10,155</u>	<u>-</u>

<i>Other payables - related parties</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Associate	1	-	1	-
Other related parties	37,031	52,212	37,031	52,212
Total	<u>37,032</u>	<u>52,212</u>	<u>37,032</u>	<u>52,212</u>

Loan agreement

In 2011, the Company entered into a loan agreement with an associate in which the Company has lent a loan for an amount of USD 172.9 million, with an interest rate at LIBOR+3.5% per annum. This loan is scheduled to be repaid in July 2016.

Thai Carbon Black Public Company Limited and its Subsidiary
Notes to the financial statements

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash on hand	302	173	302	173
Cash at banks - current accounts	12,589	155,655	12,494	155,314
Cash at banks - savings accounts	1,844,614	6,995	1,844,614	6,995
Fixed deposit	525,000	900,000	525,000	900,000
Total	<u>2,382,505</u>	<u>1,062,823</u>	<u>2,382,410</u>	<u>1,062,482</u>

6 Trade accounts receivable

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Other parties	690,611	889,311
Total	<u>690,611</u>	<u>889,311</u>
<i>Less</i> allowance for doubtful accounts	-	-
Net	<u>690,611</u>	<u>889,311</u>
Bad and doubtful debts expense for the year	-	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Other parties		
Within credit terms	667,902	831,724
Overdue:		
Less than 3 months	20,700	56,546
3 - 6 months	-	1,022
6 - 12 months	114	8
Over 12 months	1,895	11
	<u>690,611</u>	<u>889,311</u>
<i>Less</i> allowance for doubtful accounts	-	-
Net	<u>690,611</u>	<u>889,311</u>

The normal credit term granted by the Group ranges from 15 days to 120 days.

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7 Inventories

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Finished goods	215,420	107,653
Raw materials	242,315	185,330
Factory supplies and spare parts	123,114	123,216
Goods in transit	5,042	-
	<u>585,891</u>	<u>416,199</u>
<i>Less</i> allowance for decline in value	<u>(11,999)</u>	<u>(12,474)</u>
Net	<u>573,892</u>	<u>403,725</u>
Inventories recognised as an expense in 'cost of sales of goods':		
- Cost	3,779,366	5,410,834
- Provision (reversal of allowance) for decline in value	<u>(475)</u>	<u>12,474</u>
Total	<u>3,778,891</u>	<u>5,423,308</u>

8 Investments in equity-accounted investees

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Associates				
At 1 April of the preceding year	3,011,162	3,044,774	770,364	786,981
Share of profits of equity- accounted investees, net	161,496	166,263	-	-
Dividend income	(30,202)	(28,011)	-	-
Disposal	-	(6,185)	-	(16,617)
Currency translation differences	254,329	(165,679)	-	-
At 31 March	<u>3,396,785</u>	<u>3,011,162</u>	<u>770,364</u>	<u>770,364</u>

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Investments in equity-accounted investees as at 31 March 2016 and 2015, and dividend income from those investments for the years then ended, were as follows:

Consolidated financial statements												
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
			(%)						(in thousand Baht)			
Associates												
P.T. Indo Liberty	Textiles											
Textiles	manufacturing	Indonesia	40.00	40.00	515,664	515,664	196,948	196,948	405,460	411,440	4,711	2,520
Aditya Birla Chemicals (Thailand) Limited	Chemical manufacturing	Thailand	29.99	29.99	1,700,000	1,700,000	509,820	509,820	2,991,325	2,599,722	25,491	25,491
Indigold Carbon (Mauritius) Limited	Investment holding	Mauritius	20.59	20.59	308,870	308,870	<u>63,596</u>	<u>63,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total							<u>770,364</u>	<u>770,364</u>	<u>3,396,785</u>	<u>3,011,162</u>	<u>30,202</u>	<u>28,011</u>

As at 31 March 2016, investment in Indigold Carbon (Mauritius) Limited includes a long-term loan for a notional amount of USD 173 million, equivalent to Baht 6,065 million (31 March 2015: USD 173 million, equivalent to Baht 5,604 million), and interest receivables of USD 35 million, equivalent to Baht 1,218 million (31 March 2015: USD 27 million, equivalent to Baht 867 million).

For the year ended 31 March 2016, the Group's share in total comprehensive income of Indigold amounted to a loss of Baht 302 million (31 March 2015: a loss of Baht 708 million). Starting from the quarter that ended 30 September 2014, the Group's share in accumulated total comprehensive loss of Indigold exceeded the carrying amount of the investment in shares. Since that quarter, the excess loss is adjusted to the loan investment in Indigold. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares. In the separate financial statements of the Company, the investment in Indigold, in equity and loan receivable, is carried at cost.

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	Ownership interest		Paid-up capital		Separate financial statements			
	2016	2015	2016	2015	Cost		Dividend income	
	(%)				2016	2015	2016	2015
Associates					<i>(in thousand Baht)</i>			
P.T. Indo Liberty Textiles	40.00	40.00	515,664	515,664	196,948	196,948	4,711	2,520
Aditya Birla Chemicals (Thailand) Limited	29.99	29.99	1,700,000	1,700,000	509,820	509,820	25,491	25,491
Indigold Carbon (Mauritius) Limited	20.59	20.59	308,870	308,870	63,596	63,596	-	-
Total					770,364	770,364	30,202	28,011

The Board of Directors, in the meeting held on 14 August 2014, approved disposal of an investment in Ameri Blend Inc. (49 shares of common stock being 49% of total common stock) to Swiss Singapore Overseas Enterprises Pte. Ltd. for a consideration of USD 257,250 (*Baht 8.2 million*).

The Company recorded an impairment loss for investment in Ameri Blend Inc. for the amount of Baht 8.3 million in the statement of income for the year ended 31 March 2015.

As at 31 March 2015, the disposal was completed and the Company recorded gain from disposal of investment for the amount of Baht 159,000.

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The following table summarises the financial information of the associates as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in these companies.

	P.T. Indo Liberty Textiles		Aditya Birla Chemicals (Thailand) Limited		Indigold Carbon (Mauritius) Limited		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in thousand Baht)</i>							
Revenue	3,964,511	3,907,161	15,724,310	15,350,529	27,035,624	37,688,755	46,724,445	56,946,445
Net profit	(90,436)	(32,693)	1,284,963	620,090	(911,561)	56,068	282,966	643,465
Other comprehensive income	87,264	(6,893)	105,814	(217,691)	(554,414)	(3,500,259)	(361,336)	(3,724,843)
Total comprehensive income	(3,172)	(39,586)	1,390,777	402,399	(1,465,975)	(3,444,191)	(78,370)	(3,081,378)
Attributable to NCI	-	-	9,338	(5,086)	179,606	146,902	188,944	141,816
Attributable to investee's shareholders	(3,172)	(39,586)	1,381,439	407,485	(1,645,581)	(3,591,093)	(267,314)	(3,223,194)
Current assets	1,088,990	1,051,159	8,988,199	7,435,670	13,524,082	13,264,170	23,601,271	21,750,999
Non-current assets	2,956,391	2,888,095	4,871,948	5,123,653	30,570,824	26,287,082	38,399,163	34,298,830
Current liabilities	(1,648,336)	(1,162,510)	(3,206,326)	(2,906,905)	(24,616,090)	(7,938,746)	(29,470,752)	(12,008,161)
Non-current liabilities	(1,379,538)	(1,741,868)	(568,139)	(811,518)	(23,063,704)	(33,942,087)	(25,011,381)	(36,495,473)
Net assets	1,017,507	1,034,876	10,085,682	8,840,900	(3,584,888)	(2,329,581)	7,518,301	7,546,195
Attributable to NCI	-	-	50,086	40,780	841,387	630,713	891,473	671,493
Attributable to investee's shareholders	1,017,507	1,034,876	10,035,596	8,800,120	(4,426,275)	(2,960,294)	6,626,828	6,874,702
Group interest in net asset of investee as of 1 April of the preceding year	411,440	429,795	2,599,722	2,504,534	-	-	3,011,162	2,934,329
Total comprehensive income attributable to the Group	(1,269)	(15,835)	417,094	120,679	-	-	415,825	104,844
Dividends received during the year	(4,711)	(2,520)	(25,491)	(25,491)	-	-	(30,202)	(28,011)
Group's interest in net assets of investee at end of year	405,460	411,440	2,991,325	2,599,722	-	-	3,396,785	3,011,162
Goodwill	-	-	-	-	-	-	-	-
Carrying amount of interest in investee at 31 March	405,460	411,440	2,991,325	2,599,722	-	-	3,396,785	3,011,162

Thai Carbon Black Public Company Limited and its Subsidiary
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9 Investments in subsidiary

Investments in subsidiary as at 31 March 2016 and 2015 and dividend income from the subsidiary for the years then ended were as follows:

Name of subsidiary	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		(%)		<i>(in thousand Baht)</i>									
Direct subsidiary													
Birla Carbon Mexico, S.A. DE C.V.	Carbon Manufacturing	98	98	12,854	12,854	12,854	12,854	-	-	12,854	12,854	-	-
Total						12,854	12,854	-	-	12,854	12,854	-	-

10 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cost of investments at 1 April of the preceding year	1,744,358	1,744,358	1,846,560	1,846,560
Allowance for impairment loss	(163,754)	(163,754)	(265,956)	(265,956)
Carrying amount of investments at 31 March	1,580,604	1,580,604	1,580,604	1,580,604

Thai Carbon Black Public Company Limited and its Subsidiary
Notes to the financial statements

Other long-term investments as at 31 March 2016 and 2015 and dividend income from these investments for the years then ended were as follows:

	Consolidated financial statements													
	Ownership interest		Currency	Paid-up capital		Cost		Impairment		At cost - net		Dividend income		
	2016	2015		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	(%)						<i>(in thousand Baht)</i>							
Thai Acrylic Fiber Co., Ltd.	15.98	15.98	THB	712,500	712,500	223,204	223,204	-	-	223,204	223,204	-	11,387	
Alexandria Fiber S.A.E.	14.40	14.40	USD	48,198	48,198	163,754	163,754	(163,754)	(163,754)	-	-	-	-	
Blue Bucks Investment Pte Ltd	-	-	USD	10	10	758,000	758,000	-	-	758,000	758,000	21,919	-	
Big Banyan Investment Pte Ltd	-	-	USD	10	10	599,400	599,400	-	-	599,400	599,400	17,536	-	
Total						<u>1,744,358</u>	<u>1,744,358</u>	<u>(163,754)</u>	<u>(163,754)</u>	<u>1,580,604</u>	<u>1,580,604</u>	<u>39,455</u>	<u>11,387</u>	

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	Ownership interest		Currency	Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2016	2015		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(%)												
Thai Acrylic Fiber Co., Ltd.	15.98	15.98	THB	712,500	712,500	223,204	223,204	-	-	223,204	223,204	-	11,387
Alexandria Fiber S.A.E.	14.40	14.40	USD	48,198	48,198	265,956	265,956	(265,956)	(265,956)	-	-	-	-
Blue Bucks Investment Pte Ltd	-	-	USD	10	10	758,000	758,000	-	-	758,000	758,000	21,919	-
Big Banyan Investment Pte Ltd	-	-	USD	10	10	599,400	599,400	-	-	599,400	599,400	17,536	-
Total						<u>1,846,560</u>	<u>1,846,560</u>	<u>(265,956)</u>	<u>(265,956)</u>	<u>1,580,604</u>	<u>1,580,604</u>	<u>39,455</u>	<u>11,387</u>

Preference shares of Blue Bucks Investment Pte Ltd (25,000,000 shares of USD one each) and preference shares of Big Banyan Investment Pte Ltd (20,000,000 shares of USD one each) are non-cumulative, redeemable, non-participative and non-voting preference shares, entitling the Company to receive dividend at a rate of 2.5% per annum, in years in which dividend is declared.

The Company recorded an impairment loss of Baht 59.4 million on investments in shares of Alexandria Fiber S.A.E. in the consolidated and separate financial statements for the year ended 31 March 2015.

Thai Carbon Black Public Company Limited and its Subsidiary
Notes to the financial statements

11 Property, plant and equipment

	Consolidated financial statements						Total
	Land	Buildings and constructions	Machinery and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicles	Assets under installation and construction	
Cost							
At 1 April 2014	138,533	759,260	4,565,631	73,579	16,751	308,551	5,862,305
Additions	-	-	-	69	1,545	169,811	171,425
Disposals/write off	-	-	-	-	(1,801)	-	(1,801)
Translation adjustments	-	-	-	(23)	-	-	(23)
As at 31 March 2015 and 1 April 2015	138,533	759,260	4,565,631	73,625	16,495	478,362	6,031,906
Additions	-	-	25,768	25	831	147,664	174,288
Write off	-	-	(204,207)	(12)	-	-	(204,219)
Transfers	-	-	321,467	1,703	-	(323,170)	-
As at 31 March 2016	138,533	759,260	4,708,659	75,341	17,326	302,856	6,001,975

Thai Carbon Black Public Company Limited and its Subsidiary
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	Consolidated financial statements						
	Land	Buildings and constructions	Machinery and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicles	Assets under installation and construction	Total
Depreciation							
At 1 April 2014	-	439,627	3,605,109	69,739	8,967	-	4,123,442
Depreciation charge for the year	-	15,208	277,768	945	2,260	-	296,181
Disposals/write off	-	-	-	-	(1,801)	-	(1,801)
Translation adjustments	-	-	-	(23)	-	-	(23)
As at 31 March 2015 and 1 April 2015	-	454,835	3,882,877	70,661	9,426	-	4,417,799
Depreciation charge for the year	-	22,366	225,675	2,007	2,589	-	252,637
Write off	-	-	(204,207)	(12)	-	-	(204,219)
As at 31 March 2016	-	477,201	3,904,345	72,656	12,015	-	4,466,217
Net book value							
At 31 March 2015	138,533	304,425	682,754	2,964	7,069	478,362	1,614,107
At 31 March 2016	138,533	282,059	804,314	2,685	5,311	302,856	1,535,758

Thai Carbon Black Public Company Limited and its Subsidiary
Notes to the financial statements

	Separate financial statements						Total
	Land	Buildings and constructions	Machinery and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicles	Assets under installation and construction	
<i>Cost</i>							
At 1 April 2014	138,533	759,260	4,565,631	73,556	16,751	308,551	5,862,282
Additions	-	-	-	69	1,545	169,811	171,425
Disposals/write off	-	-	-	-	(1,801)	-	(1,801)
As at 31 March 2015 and 1 April 2015	138,533	759,260	4,565,631	73,625	16,495	478,362	6,031,906
Additions	-	-	25,768	25	831	147,664	174,288
Write off	-	-	(204,207)	(12)	-	-	(204,219)
Transfers	-	-	321,467	1,703	-	(323,170)	-
As at 31 March 2016	138,533	759,260	4,708,659	75,341	17,326	302,856	6,001,975
<i>Depreciation</i>							
At 1 April 2014	-	439,627	3,605,109	69,716	8,967	-	4,123,419
Depreciation charge for the year	-	15,208	277,768	945	2,260	-	296,181
Disposals/write off	-	-	-	-	(1,801)	-	(1,801)
As at 31 March 2015 and 1 April 2015	-	454,835	3,882,877	70,661	9,426	-	4,417,799
Depreciation charge for the year	-	22,366	225,675	2,007	2,589	-	252,637
Write off	-	-	(204,207)	(12)	-	-	(204,219)
As at 31 March 2016	-	477,201	3,904,345	72,656	12,015	-	4,466,217
<i>Net book value</i>							
At 31 March 2015	138,533	304,425	682,754	2,964	7,069	478,362	1,614,107
At 31 March 2016	138,533	282,059	804,314	2,685	5,311	302,856	1,535,758

Thai Carbon Black Public Company Limited and its Subsidiary
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The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 March 2016 amounted to Baht 3,312 million (2015: Baht 2,490 million).

The Company has pledged assets with a total net book value as at 31 March 2016 of Baht 1,233 million (2015: Baht 1,136 million) as collateral against credit facilities received from financial institutions.

12 Deferred tax

Deferred tax assets and liabilities as at 31 March were as follows:

	Consolidated and separate financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	159,729	80,892	(24,895)	(3,924)
Set off of tax	(24,895)	(3,924)	24,895	3,924
Net deferred tax assets	<u>134,834</u>	<u>76,968</u>	<u>-</u>	<u>-</u>

Movements in total deferred tax assets and liabilities during the year ended 31 March were as follows:

	Consolidated and separate financial statements		
	At 1 April 2015	(Charged) / Credited to: profit or loss	At 31 March 2016
	<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>			
Provision for impairment of other investments	53,191	-	53,191
Provision for employee benefits	18,890	(258)	18,632
Unrealised loss from derivatives	4,806	78,085	82,891
Others	4,005	1,010	5,015
Total	<u>80,892</u>	<u>78,837</u>	<u>159,729</u>
<i>Deferred tax liabilities</i>			
Deferred transaction cost	(3,924)	(20,971)	(24,895)
Total	<u>(3,924)</u>	<u>(20,971)</u>	<u>(24,895)</u>
Net	<u>76,968</u>	<u>57,866</u>	<u>134,834</u>

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	Consolidated and separate financial statements		
	At 1 April 2014	(Charged) / Credited to: profit or loss (in thousand Baht)	At 31 March 2015
<i>Deferred tax assets</i>			
Provision for impairment of other investments	-	53,191	53,191
Provision for employee benefits	20,245	(1,355)	18,890
Unrealised loss from derivatives	27,234	(22,428)	4,806
Others	4,869	(864)	4,005
Total	52,348	28,544	80,892
<i>Deferred tax liabilities</i>			
Deferred transaction cost	(8,853)	4,929	(3,924)
Total	(8,853)	4,929	(3,924)
Net	43,495	33,473	76,968

13 Trade accounts payables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Related parties	4	10,155	-	10,155	-
Other parties		176,245	307,996	176,245	307,996
Total		186,400	307,996	186,400	307,996

14 Other payables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Related parties	4	37,032	52,212	37,032	52,212
Others					
Other payables for machinery and equipment		65,389	114,826	65,389	114,826
Accrued bonus expenses		57,681	65,896	57,681	65,896
Accrued service fee		49,930	23,488	49,930	23,488
Accrued insurance expense		23,226	-	23,226	-
Others		51,107	61,881	51,107	61,829
Total		284,365	318,303	284,365	318,251

Thai Carbon Black Public Company Limited and its Subsidiary
Notes to the financial statements

15 Long-term loan from financial institutions

	Consolidated and separate financial statements	
	31 March 2016	31 March 2015
	<i>(in thousand Baht)</i>	
<i>Current</i>		
Current portion of long-term loan from financial institutions	65,980	1,030,138
<i>Non-current</i>		
Long-term loan from financial institutions	3,704,357	1,425,435
	<u>3,770,337</u>	<u>2,455,573</u>

Movements during the year ended 31 March 2016 and 2015 of long-term loan from financial institutions were as follows:

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 April of the preceding year	2,455,573	3,405,573
Proceeds from loan during year	3,917,290	-
Payment of transaction cost	(132,949)	-
Repayment during the year	(2,692,026)	(999,753)
Amortised deferred transaction cost	28,091	24,647
Exchange rate adjustments	194,358	25,106
At 31 March	<u>3,770,337</u>	<u>2,455,573</u>

On 18 December 2015, the Company entered into a long term facility agreement for US\$ 110 million with several banks (“the new facility agreement”) to replace the US\$ 175 million facility agreement the Company entered into on 1 June 2011 (“the old facility agreement”). The Company drew a new loan under the new facility agreement with interest at LIBOR+1.75% per annum while repaid the old loan under the old facility agreement. The principal of the new loan is repayable starting from December 2016 and every six months thereafter till 21 December 2020. The Company is still in the progress of obtaining the release of all mortgages on land, buildings and machineries under the terminated facility. However, under the new facility, negative pledge is required over all current and fixed assets of the Company.

The transaction costs equivalent of Baht 132 million incurred on availing the new loan were netted off against long-term loan balances and amortised over the tenure of the loan.

16 Other current liabilities

Other current liabilities as at 31 March 2016 mainly comprises derivatives liabilities amounting to Baht 414.5 million (31 March 2015: Baht 24.0 million).

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17 Employee benefits obligations

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Statement of financial position obligations for:		
Post-employment benefits	<u>93,162</u>	<u>94,448</u>
 <i>For the year ended 31 March</i>		
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits	<u>9,901</u>	<u>9,854</u>
 Recognised in other comprehensive income:		
Actuarial losses recognised in the year	-	-
Cumulative actuarial losses recognised	<u>(4,341)</u>	<u>(4,341)</u>

The Company operates defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, and interest rate risk.

Movement in the present value of the defined benefit obligations:

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 April of the preceding year	94,448	101,226
Current service cost	6,409	6,162
Interest on obligation	3,492	3,692
Benefits paid during the year	(11,187)	(16,632)
At 31 March	<u>93,162</u>	<u>94,448</u>

Expense recognised in profit or loss:

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Current service costs	6,409	6,162
Interest on obligation	3,492	3,692
Total	<u>9,901</u>	<u>9,854</u>

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The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Cost of sales	5,941	5,912
Administrative expenses	3,960	3,942
Total	9,901	9,854

Actuarial gains and losses recognised in other comprehensive income:

	Consolidated and separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
Included in retained earnings:		
At 1 April of the preceding year	4,341	4,341
Recognised during the year	-	-
At 31 March	4,341	4,341

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated and separate financial statements	
	2016	2015
	<i>(%)</i>	
Discount rate	4.0	4.0
Future salary increases	9.0	9.0
Staff turnover rate	5.0	5.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated and separate financial statements	
	Increase	Decrease
	<i>(In thousand Baht)</i>	
Defined benefit obligation 31 March 2016		
Discount rate (1% movement)	(6,658)	7,546
Future salary growth (1% movement)	7,109	(6,426)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Thai Carbon Black Public Company Limited and its Subsidiary
Notes to the financial statements

18 Share capital

	Par value per share (in Baht)	2016 Number Amount (thousand shares / thousand Baht)		2015 Number Amount	
<i>Authorised</i>					
At 1 April of the preceding year					
- ordinary shares	1	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
At 31 March					
- ordinary shares	1	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
<i>Issued and paid-up</i>					
At 1 April of the preceding year					
- ordinary shares	1	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
At 31 March					
- ordinary shares	1	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

19 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

As at 31 March 2016 and 2015, the Company’s legal reserve was equal to 10% of authorised share capital.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

Thai Carbon Black Public Company Limited and its Subsidiary
Notes to the financial statements

20 Segment information

Management considers that the Group operates in a single line of business, namely carbon black, and has, therefore, only one reportable segment.

Geographical segments

The Company is managed, operates manufacturing facilities and sales offices only in Thailand.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Geographical information

	Revenues	
	2016	2015
	<i>(in thousand Baht)</i>	
Thailand	2,940,813	3,520,545
Japan	825,210	1,031,255
Indonesia	241,780	325,629
Malaysia	211,980	698,027
Other countries	615,952	1,032,159
Total	4,835,735	6,607,615

Major customers

For the year ended 31 March 2016, the Company has revenue from two major customers in the amount of Baht 711 million and Baht 408 million, respectively (2015: Baht 735 million and Baht 318 million, respectively).

21 Other income

Other income for the year ended 31 March 2016 mainly comprises a receipt from insurance claim related to a fire in 2013 amounting to Baht 82.5 million.

22 Employee benefit expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Wages and salaries	298,267	306,836	298,267	306,836
Provident fund	7,339	7,175	7,339	7,175
Post-employment benefit	9,901	9,855	9,901	9,855
Others	24,489	21,954	24,489	21,954
Total	339,996	345,820	339,996	345,820

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Group at rates 5% of the employees' basic salaries. The provident funds is managed by Tisco Assets Management Company Limited.

Thai Carbon Black Public Company Limited and its Subsidiary
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23 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Included in cost of sales of goods:</i>				
Changes in inventories of finished goods	(107,767)	205,715	(107,767)	205,715
Raw materials and consumables used	2,905,981	4,140,786	2,905,981	4,140,786
Depreciation and amortisation	252,637	294,249	252,637	294,249
Employee benefit expenses	222,737	225,747	222,737	225,747
Others	505,303	556,811	505,303	556,811
Total	<u>3,778,891</u>	<u>5,423,308</u>	<u>3,778,891</u>	<u>5,423,308</u>
<i>Included in selling expenses:</i>				
Transportation	122,845	150,081	122,845	150,081
Others	6,308	7,308	6,308	7,308
Total	<u>129,153</u>	<u>157,389</u>	<u>129,153</u>	<u>157,389</u>
<i>Included in administrative expenses:</i>				
Employee benefit expenses	117,259	120,073	117,259	120,073
Technical assistant and consultancy	100,013	84,690	100,013	84,690
Research and development expenses	10,905	11,751	10,905	11,751
Others	59,788	63,839	59,626	60,463
Total	<u>287,965</u>	<u>280,353</u>	<u>287,803</u>	<u>276,977</u>

24 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Current tax expense		176,352	148,773	176,352	148,773
Deferred income tax	12	(57,866)	(33,473)	(57,866)	(33,473)
Total income tax expense		<u>118,486</u>	<u>115,300</u>	<u>118,486</u>	<u>115,300</u>

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Reconciliation of effective tax rate

	Consolidated financial statements			
	2016		2015	
	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>
Profit before tax		1,045,737		1,108,805
Income tax using the Thai corporation tax rate	20	209,147	20	221,761
Income not subject to tax		(56,377)		(33,962)
Recognition of previously unrecognised deferred tax assets		(2,494)		(41,319)
Share of profit from investments in associates		(32,298)		(33,253)
Expenses not deductible for tax purposes		548		2,931
Additional expense deductions allowed		(72)		(484)
Others		32		(374)
Total	11	118,486	10	115,300

	Separate financial statements			
	2016		2015	
	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>
Profit before tax		914,605		965,737
Income tax using the Thai corporation tax rate	20	182,921	20	193,147
Income not subject to tax		(62,417)		(39,483)
Recognition of previously unrecognised deferred tax assets		(2,494)		(41,319)
Expenses not deductible for tax purposes		548		2,931
Additional expense deductions allowed		(72)		(484)
Others		-		508
Total	13	118,486	12	115,300

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction of the corporate income tax rate to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015. Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

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25 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the manufacture of carbon black, electricity and steam. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board; and
- (b) exemption from payment of income tax for the operations for a period of 3 and 8 years from the date on which the income is first derived from such operations but the amount is not over specified amount; and
- (c) an exemption to include the dividend income from the promoted business in the computation of corporate income tax throughout the period of the Company being granted exemption.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificate.

Summary of revenue and cost reduction from promoted and non-promoted businesses:

	Consolidated and separate financial statements					
	2016			2015		
	Promoted business	Non- promoted business	Total	Promoted business	Non- promoted business	Total
	<i>(in thousand Baht)</i>					
Sales						
Export sales	-	1,894,922	1,894,922	-	3,087,070	3,087,070
Local sales	-	2,940,813	2,940,813	-	3,520,545	3,520,545
Total sales	-	4,835,735	4,835,735	-	6,607,615	6,607,615
Cost reduction from sales of electricity and steam generated from manufacturing process	315,278	505,825	821,103	232,224	436,432	668,656
Total	315,278	5,341,560	5,656,838	232,224	7,044,047	7,276,271

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26 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year ended 31 March 2016 and 2015 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

<i>Year ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to equity holders of the Company (basic)	<u>927,251</u>	<u>993,505</u>	<u>796,120</u>	<u>850,437</u>
Weighted average number of ordinary shares outstanding (basic)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Earnings per share (basic) (in Baht)	<u>3.09</u>	<u>3.31</u>	<u>2.65</u>	<u>2.83</u>

27 Dividends

At the annual general meeting of the shareholders of the Company held on 29 July 2015, the shareholders approved the appropriation of dividend of Baht 0.60 per share, amounting to Baht 180 million. The dividend was paid to shareholders in August 2015.

At the annual general meeting of the shareholders of the Company held on 16 July 2014, the shareholders approved the appropriation of dividend of Baht 0.44 per share, amounting to Baht 132 million. The dividend was paid to shareholders in August 2014.

28 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholder's equity and also monitors the level of dividends or ordinary shareholders.

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Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. 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 effective interest rates of loan receivables, before considering effect from equity method of accounting, as at 31 March and the periods in which loan receivables mature or re-price were as follows:

	Effective Interest Rates (% per annum)	Consolidated/Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
		(in thousand Baht)			
2016					
Long-term loans	4.12	<u>6,065,197</u>	<u>-</u>	<u>-</u>	<u>6,065,197</u>
2015					
Long-term loans	3.73	<u>-</u>	<u>5,604,568</u>	<u>-</u>	<u>5,604,568</u>

The effective interest rates of interest-bearing financial liabilities as at 31 March and the periods in which those liabilities mature or re-price were as follows:

	Effective Interest Rates (% per annum)	Consolidated/Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
		(in thousand Baht)			
2016					
Long-term loans	2.32	<u>65,980</u>	<u>3,704,357</u>	<u>-</u>	<u>3,770,337</u>
2015					
Long-term loans	2.55	<u>1,030,138</u>	<u>1,425,435</u>	<u>-</u>	<u>2,455,573</u>

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

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As at 31 March, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>United States Dollars</i>				
Cash and deposits at the financial institutions	1,753,714	161	1,753,714	161
Trade accounts receivable	235,314	310,846	235,314	310,846
Other receivable	14,835	13,197	14,835	13,197
Trade accounts payable	(136,408)	(199,619)	(136,408)	(199,619)
Other payable	(26,892)	(40,562)	(26,892)	(40,562)
Long-term loan to related party	6,065,197	5,604,568	6,065,197	5,604,568
Long-term interest receivables	1,217,342	867,395	1,217,342	867,395
Gross statement of financial position exposure	9,123,102	6,555,986	9,123,102	6,555,986
Currency forwards	(3,717,422)	(2,025,911)	(3,717,422)	(2,025,911)
Currency swaps	(2,556,131)	(6,061,296)	(2,556,131)	(6,061,296)
Net exposure	2,849,549	(1,531,221)	2,849,549	(1,531,221)
<i>Japanese Yen</i>				
Trade account payable	-	(10,118)	-	(10,118)
Gross statement of financial position exposure	-	(10,118)	-	(10,118)
<i>Indian Rupee</i>				
Other receivable	-	2,716	-	2,716
Trade account payable	-	(5,102)	-	(5,102)
Other payable	(8,854)	(10,333)	(8,854)	(10,333)
Gross statement of financial position exposure	(8,854)	(12,719)	(8,854)	(12,719)
<i>Euro</i>				
Other receivable	3,388	34,968	3,388	34,968
Trade account payable	(1,643)	(1,454)	(1,643)	(1,454)
Other payable	(60,445)	(914)	(60,445)	(914)
Gross statement of financial position exposure	(58,700)	32,600	(58,700)	32,600
<i>Mexican Peso</i>				
Cash and deposits at the financial institutions	95	341	-	-
Other current assets	105	83	-	-
Other payable	-	(53)	-	-
Gross statement of financial position exposure	200	371	-	-

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values at financial assets and liabilities

The fair values of short-term and current portion of financial assets and liabilities are taken to approximate the carrying value due to relatively by short-term maturity at these financial instruments.

The fair values of long-term loans carrying a floating rate, which is considered to be market rate, are taken to approximate their fair values.

Derivative liabilities with carrying amount of Baht 414 million as at 31 March 2016 are taken as fair value determined as level 2 fair values based on broker quotes.

29 Commitments and contingent liabilities with non-related parties

	Consolidated and separate financial statements	
	31 March 2016	31 March 2015
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
Machinery and equipment	68,337	127,471
Total	68,337	127,471
<i>Non-cancellable operating lease commitments</i>		
Within one year	4,359	5,979
After one year but within five years	2,169	6,471
Total	6,528	12,450
<i>Other commitments</i>		
Bank guarantees (<i>for own performance</i>)	12,548	12,548
Total	12,548	12,548

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Operating lease agreements

The Group has various operating lease agreements for office and warehouse rental. The period of agreements is variable from 1-5 years.

Technical assistant and consultancy agreement

- 1) In 1987, the Company has entered into license agreement with an overseas licensor, who agreed to provide the Company with technical know-how for the production and manufacture of carbon black. The Company agreed to pay the license fee based on percentage of sales.
- 2) In 2015, the Company has entered into a consultancy agreement with an overseas company in which it will receive information related to the availability of raw materials, raw material price trends, etc. The Company agreed to pay a fee for the amount of USD 2 million per annum. The term of the agreement is 2 years.

Bank guarantee and letter of credit

As at 31 March 2016, the Company had outstanding bank guarantees issued by the bank for electricity use amounting to Baht 12 million (*31 March 2015: Baht 12 million*) and outstanding letter of credit issued by the banks to guarantee payments to creditors amounting to USD 3 million, EUR 1 million and JPY 10 million (*31 March 2015: USD 12 million*).

30 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2015)	Presentation of Financial Statements	2016
TAS 2 (revised 2015)	Inventories	2016
TAS 7 (revised 2015)	Statement of Cash Flows	2016
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors	2016
TAS 10 (revised 2015)	Events after the Reporting Period	2016
TAS 12 (revised 2015)	Income Taxes	2016
TAS 16 (revised 2015)	Property, Plant and Equipment	2016
TAS 17 (revised 2015)	Leases	2016
TAS 18 (revised 2015)	Revenue	2016
TAS 19 (revised 2015)	Employee Benefits	2016
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates	2016
TAS 23 (revised 2015)	Borrowing Costs	2016
TAS 24 (revised 2015)	Related Party Disclosures	2016
TAS 27 (revised 2015)	Separate Financial Statements	2016
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures	2016
TAS 33 (revised 2015)	Earnings per Share	2016
TAS 34 (revised 2015)	Interim Financial Reporting	2016
TAS 36 (revised 2015)	Impairment of Assets	2016
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets	2016

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TFRS	Topic	Year effective
TAS 38 (revised 2015)	Intangible Assets	2016
TFRS 8 (revised 2015)	Operating Segments	2016
TFRS 10 (revised 2015)	Consolidated Financial Statements	2016
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities	2016
TFRS 13 (revised 2015)	Fair Value Measurement	2016

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the year of initial application.