

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

Financial statements for the year ended  
31 March 2017  
and  
Independent Auditor's Report

## **Independent Auditor’s Report**

### **To the Shareholders of Thai Carbon Black Public Company Limited**

#### *Opinion*

I have audited the 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 2017, and 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.

In my opinion, the accompanying 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 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<i>Valuation of long-term loan to related party</i>	
Refer to Note 3 and 4	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group and the Company provided a long-term loan to an overseas associate, which is unsecured with interest rate at LIBOR+3.5% per annum and will be repayable in full in July 2021.</p> <p>As the long-term loan balance and the accrued interest are material and involved judgment in estimating the recoverability, I considered this to be the key audit matter.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• read the loan agreements, obtained confirmation, and tested the accrued interest to assess whether the calculation was consistent with the conditions stipulated in the long-term loan agreement;</li> <li>• made inquiries of management and obtained related documents to understand the process by which management has derived the estimated future cash flows of associate;</li> <li>• evaluated the assumptions and methodologies underpinning the estimated cash flows;</li> <li>• performed retrospective review by comparing estimated cash flows prepared by management in the previous year against the actual financial performance;</li> <li>• performed sensitivity analysis on growth rate and discount rate;</li> <li>• considered the adequacy of the Group's and the Company's disclosure in accordance with Thai Financial Reporting Standards.</li> </ul>

<i>Valuation of inventory</i>	
Refer to Note 3 and 8	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group's and the Company's main raw materials are commodities which can be subject to price volatility.</p> <p>The inventory balance, which is material, is required to be carried at the lower of cost or net realisable value. The estimate of net realisable value of inventories involves management judgment and is subject to the fluctuation of the raw material price. I therefore considered this to be the key audit mater.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• made inquiries of management and obtained related documents to understand the inventory valuation process as well as the Group's and the Company's policy in estimating the net realisable value of inventories;</li> <li>• made inquiries of management to understand the pricing policy of the Group and the Company and assessed whether the selling price is in accordance with the policy.</li> <li>• tested the design and implementation of controls as well as their operating effectiveness;</li> <li>• tested the estimate of net realisable value of inventories by testing the selling price less the estimated costs necessary to make the sale, on a sampling basis, with related documents as well as tested the calculation;</li> <li>• considered the adequacy of the Group's and the Company's disclosure in accordance with Thai Financial Reporting Standards.</li> </ul>

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, 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.

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

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

### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Orawan Chuhakitpaisan)  
 Certified Public Accountant  
 Registration No. 6105

KPMG Phoomchai Audit Ltd.  
 Bangkok  
 29 May 2017

# Thai Carbon Black Public Company Limited and its Subsidiary

## Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 March		31 March	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	5	495,380,741	2,382,505,248	495,347,686	2,382,410,374
Short-term deposits at financial institutions	6	2,633,000,000	-	2,633,000,000	-
Trade accounts receivable	4, 7	892,643,297	791,420,990	892,643,297	791,420,990
Other receivables	4	31,988,824	62,818,666	31,988,824	62,818,666
Inventories	8	766,859,628	573,891,711	766,859,628	573,891,711
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		158,586,787	120,238,544	158,485,197	120,133,688
<b>Total current assets</b>		<b>4,978,459,277</b>	<b>10,302,908,108</b>	<b>4,978,324,632</b>	<b>11,214,077,426</b>
<b>Non-current assets</b>					
Investments in equity-accounted investees	9	3,669,641,432	3,396,785,178	770,364,083	770,364,083
Investments in subsidiary	10	-	-	12,853,530	12,853,530
Other long-term investments	11	1,580,604,161	1,580,604,161	1,580,604,161	1,580,604,161
Long-term loan to related party	4	5,911,494,959	-	5,928,832,325	-
Long-term interest receivables	4	1,506,100,375	-	1,506,100,375	-
Property, plant and equipment	12	1,416,053,908	1,535,757,524	1,416,053,908	1,535,757,524
Intangible assets		20,672,893	24,321,050	20,672,893	24,321,050
Deferred tax assets	13	82,552,056	134,833,610	82,552,056	134,833,610
Other non-current assets		2,834,569	3,531,569	2,834,569	3,531,569
<b>Total non-current assets</b>		<b>14,189,954,353</b>	<b>6,675,833,092</b>	<b>11,320,867,900</b>	<b>4,062,265,527</b>
<b>Total assets</b>		<b>19,168,413,630</b>	<b>16,978,741,200</b>	<b>16,299,192,532</b>	<b>15,276,342,953</b>

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		2017	2016	2017	2016
		(in Baht)			
<b>Current liabilities</b>					
Trade accounts payable	4, 14	685,511,913	186,399,503	685,511,913	186,399,503
Other payables	4, 15	172,677,506	284,365,093	172,677,506	284,365,093
Current portion of long-term loan from financial institutions	16	160,652,794	65,979,884	160,652,794	65,979,884
Income tax payable		112,337,319	25,303,593	112,337,319	25,303,593
Other current liabilities	17	130,486,432	437,582,649	130,486,432	437,582,649
<b>Total current liabilities</b>		<b>1,261,665,964</b>	<b>999,630,722</b>	<b>1,261,665,964</b>	<b>999,630,722</b>
<b>Non-current liabilities</b>					
Long-term loan from financial institutions	16	3,460,527,697	3,704,356,742	3,460,527,697	3,704,356,742
Employee benefit obligations	18	93,014,623	93,162,192	93,014,623	93,162,192
<b>Total non-current liabilities</b>		<b>3,553,542,320</b>	<b>3,797,518,934</b>	<b>3,553,542,320</b>	<b>3,797,518,934</b>
<b>Total liabilities</b>		<b>4,815,208,284</b>	<b>4,797,149,656</b>	<b>4,815,208,284</b>	<b>4,797,149,656</b>
<b>Equity</b>					
Share capital:					
Authorised share capital	19	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	19	930,000,000	930,000,000	930,000,000	930,000,000
Retained earnings					
Appropriated					
Legal reserve	20	30,000,000	30,000,000	30,000,000	30,000,000
Unappropriated		14,392,256,887	12,279,597,234	10,223,984,248	9,219,193,297
Other components of equity	20	(1,299,051,541)	(1,358,005,690)	-	-
<b>Total equity</b>		<b>14,353,205,346</b>	<b>12,181,591,544</b>	<b>11,483,984,248</b>	<b>10,479,193,297</b>
<b>Total liabilities and equity</b>		<b>19,168,413,630</b>	<b>16,978,741,200</b>	<b>16,299,192,532</b>	<b>15,276,342,953</b>

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

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

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Year ended 31 March		Year ended 31 March	
		2017	2016	2017	2016
<i>(in Baht)</i>					
<b><i>Income</i></b>					
Revenue from sale of goods	26	5,040,101,863	4,835,734,333	5,040,101,863	4,835,734,333
Dividend income	4, 9, 11	17,079,754	39,454,762	44,931,034	69,657,040
Interest income		363,674,777	285,275,202	363,674,777	285,275,202
Net foreign exchange gain		37,157,195	-	37,157,195	-
Other income	22	8,809,904	86,815,985	8,809,904	86,815,985
<b>Total income</b>		<b>5,466,823,493</b>	<b>5,247,280,282</b>	<b>5,494,674,773</b>	<b>5,277,482,560</b>
<b><i>Expenses</i></b>					
Cost of sales of goods	24	3,552,540,767	3,778,891,436	3,552,540,767	3,778,891,436
Selling expenses	24	140,979,588	129,152,944	140,979,588	129,152,944
Administrative expenses	24	284,618,733	287,965,026	284,573,853	287,803,047
Net foreign exchange loss		-	55,605,921	-	55,605,921
Finance costs		136,588,520	111,423,997	136,588,520	111,423,997
<b>Total expenses</b>		<b>4,114,727,608</b>	<b>4,363,039,324</b>	<b>4,114,682,728</b>	<b>4,362,877,345</b>
<b><i>Share of profit of equity-accounted investees</i></b>					
Associates	4, 9	1,135,764,862	161,495,705	-	-
<b>Total</b>		<b>1,135,764,862</b>	<b>161,495,705</b>	<b>-</b>	<b>-</b>
<b>Profit before income tax expense</b>		<b>2,487,860,747</b>	<b>1,045,736,663</b>	<b>1,379,992,045</b>	<b>914,605,215</b>
Income tax expense	25	195,201,094	118,485,637	195,201,094	118,485,637
<b>Profit for the year attributable to owners of the Company</b>		<b>2,292,659,653</b>	<b>927,251,026</b>	<b>1,184,790,951</b>	<b>796,119,578</b>
<b>Basic earnings per share (in Baht)</b>	27	<b>7.64</b>	<b>3.09</b>	<b>3.95</b>	<b>2.65</b>

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

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Year ended 31 March		Year ended 31 March	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Profit for the year</b>	<b>2,292,659,653</b>	<b>927,251,026</b>	<b>1,184,790,951</b>	<b>796,119,578</b>
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	58,954,149	(47,525,036)	-	-
<b>Other comprehensive income for the year, net of income tax</b>	<b>58,954,149</b>	<b>(47,525,036)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>2,351,613,802</b>	<b>879,725,990</b>	<b>1,184,790,951</b>	<b>796,119,578</b>

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						
					Retained earnings	Other components of equity		
	Note	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
<b>Year ended 31 March 2016</b>								
<b>Balance at 1 April 2015</b>		<b>300,000,000</b>	<b>930,000,000</b>	<b>30,000,000</b>	<b>11,532,346,208</b>	<b>(1,310,480,654)</b>	<b>(1,310,480,654)</b>	<b>11,481,865,554</b>
<b>Transaction with owners, recorded directly in equity</b>								
Dividends to owners of the Company	28	-	-	-	(180,000,000)	-	-	(180,000,000)
<b>Totl transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(180,000,000)</b>	<b>-</b>	<b>-</b>	<b>(180,000,000)</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	927,251,026	-	-	927,251,026
Other comprehensive income		-	-	-	-	(47,525,036)	(47,525,036)	(47,525,036)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>927,251,026</b>	<b>(47,525,036)</b>	<b>(47,525,036)</b>	<b>879,725,990</b>
<b>Balance as at 31 March 2016</b>		<b>300,000,000</b>	<b>930,000,000</b>	<b>30,000,000</b>	<b>12,279,597,234</b>	<b>(1,358,005,690)</b>	<b>(1,358,005,690)</b>	<b>12,181,591,544</b>

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						
					Retained earnings	Other components of equity		
	Note	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
<b>Year ended 31 March 2017</b>								
<b>Balance at 1 April 2016</b>		<b>300,000,000</b>	<b>930,000,000</b>	<b>30,000,000</b>	<b>12,279,597,234</b>	<b>(1,358,005,690)</b>	<b>(1,358,005,690)</b>	<b>12,181,591,544</b>
<b>Transaction with owners, recorded directly in equity</b>								
Dividends to owners of the Company	28	-	-	-	(180,000,000)	-	-	(180,000,000)
<b>Totl transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(180,000,000)</b>	<b>-</b>	<b>-</b>	<b>(180,000,000)</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	2,292,659,653	-	-	2,292,659,653
Other comprehensive income		-	-	-	-	58,954,149	58,954,149	58,954,149
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,292,659,653</b>	<b>58,954,149</b>	<b>58,954,149</b>	<b>2,351,613,802</b>
<b>Balance as at 31 March 2017</b>		<b>300,000,000</b>	<b>930,000,000</b>	<b>30,000,000</b>	<b>14,392,256,887</b>	<b>(1,299,051,541)</b>	<b>(1,299,051,541)</b>	<b>14,353,205,346</b>

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	
<b>Year ended 31 March 2016</b>						
Balance at 1 April 2015		300,000,000	930,000,000	30,000,000	8,603,073,719	9,863,073,719
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to owners of the Company	28	-	-	-	(180,000,000)	(180,000,000)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(180,000,000)</b>	<b>(180,000,000)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	796,119,578	796,119,578
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>796,119,578</b>	<b>796,119,578</b>
<b>Balance at 31 March 2016</b>		<b>300,000,000</b>	<b>930,000,000</b>	<b>30,000,000</b>	<b>9,219,193,297</b>	<b>10,479,193,297</b>

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	Issued and paid-up share capital	Share premium	Separate financial statements		Total equity
				Legal reserve (in Baht)	Unappropriated	
<b>Year ended 31 March 2017</b>						
<b>Balance at 1 April 2016</b>		<b>300,000,000</b>	<b>930,000,000</b>	<b>30,000,000</b>	<b>9,219,193,297</b>	<b>10,479,193,297</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to owners of the Company	28	-	-	-	(180,000,000)	(180,000,000)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(180,000,000)</b>	<b>(180,000,000)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	1,184,790,951	1,184,790,951
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,184,790,951</b>	<b>1,184,790,951</b>
<b>Balance at 31 March 2017</b>		<b>300,000,000</b>	<b>930,000,000</b>	<b>30,000,000</b>	<b>10,223,984,248</b>	<b>11,483,984,248</b>

(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	
		2017	2016	2017	2016
(in Baht)					
<i>Cash flows from operating activities</i>					
Profit for the year		2,292,659,653	927,251,026	1,184,790,951	796,119,578
<i>Adjustments for</i>					
Depreciation	12	189,334,632	252,637,197	189,334,632	252,637,197
Amortisation of intangible assets		3,648,157	-	3,648,157	-
Provision (reversal of allowance) for decline in value of inventories	8	15,587,812	(474,683)	15,587,812	(474,683)
Dividend income		(17,079,754)	(39,454,762)	(44,931,034)	(69,657,040)
Interest income		(363,674,777)	(285,275,202)	(363,674,777)	(285,275,202)
Finance costs		106,036,830	83,332,753	106,036,830	83,332,753
Amortisation of deferred transaction costs	16	30,551,690	28,091,244	30,551,690	28,091,244
Unrealised loss (gain) on exchange rate		85,798,965	(335,247,323)	85,819,171	(335,236,801)
Unrealised loss (gain) on derivatives		(306,566,544)	390,424,708	(306,566,544)	390,424,708
Gain on disposal of property, plant and equipment		(509,346)	-	(509,346)	-
Share of profit of equity-accounted investees, net of income tax	4, 9	(1,135,764,862)	(161,495,705)	-	-
Employee benefit obligations		9,988,561	9,900,879	9,988,561	9,900,879
Income tax expense		195,201,094	118,485,637	195,201,094	118,485,637
		<u>1,105,212,111</u>	<u>988,175,769</u>	<u>1,105,277,197</u>	<u>988,348,270</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(105,030,912)	166,062,459	(105,030,912)	166,062,459
Other receivables		(8,624,918)	25,683,891	(8,624,918)	25,683,891
Inventories		(208,555,729)	(169,691,542)	(208,555,729)	(169,691,542)
Other current assets		(25,111,625)	11,026,317	(25,114,892)	11,048,015
Other non-current assets		697,000	(550,999)	697,000	(550,999)
Trade accounts payable		506,360,607	(122,269,545)	506,360,607	(122,269,545)
Other payables		(92,263,283)	14,453,894	(92,263,283)	14,506,353
Other current liabilities		(921,212)	(4,227,205)	(921,212)	(4,227,205)
Employee benefit obligations paid		(10,136,130)	(11,186,922)	(10,136,130)	(11,186,922)
Cash generated from operating activities		<u>1,161,625,909</u>	<u>897,476,117</u>	<u>1,161,687,728</u>	<u>897,722,775</u>
Income tax paid		<u>(55,885,814)</u>	<u>(219,545,830)</u>	<u>(55,885,814)</u>	<u>(219,545,830)</u>
<b>Net cash from operating activities</b>		<b><u>1,105,740,095</u></b>	<b><u>677,930,287</u></b>	<b><u>1,105,801,914</u></b>	<b><u>678,176,945</u></b>

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	
	2017	2016	2017	2016
	(in Baht)			
<i>Cash flows from investing activities</i>				
Increase in short-term deposits at financial institutions	(2,633,000,000)	-	(2,633,000,000)	-
Interest received	28,597,118	5,247,309	28,597,118	5,247,309
Dividend received	84,385,796	30,202,278	84,385,796	30,202,278
Purchase of property, plant and equipment	(91,351,113)	(223,724,540)	(91,351,113)	(223,724,540)
Disposal of property, plant and equipment	2,443,916	-	2,443,916	-
<b>Net cash used in investing activities</b>	<b>(2,608,924,283)</b>	<b>(188,274,953)</b>	<b>(2,608,924,283)</b>	<b>(188,274,953)</b>
<i>Cash flows from financing activities</i>				
Interest paid	(105,675,608)	(82,288,540)	(105,675,608)	(82,288,540)
Dividends paid	(179,608,461)	(180,000,000)	(179,608,461)	(180,000,000)
Proceeds from borrowings (net of transaction costs of Baht 132.9 million)	-	3,784,340,983	-	3,784,340,983
Repayment of borrowings	(98,656,250)	(2,692,025,700)	(98,656,250)	(2,692,025,700)
<b>Net cash from (used in) financing activities</b>	<b>(383,940,319)</b>	<b>830,026,743</b>	<b>(383,940,319)</b>	<b>830,026,743</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,887,124,507)</b>	<b>1,319,682,077</b>	<b>(1,887,062,688)</b>	<b>1,319,928,735</b>
Cash and cash equivalents at 1 April	2,382,505,248	1,062,823,171	2,382,410,374	1,062,481,639
<b>Cash and cash equivalents at 31 March</b>	<b>495,380,741</b>	<b>2,382,505,248</b>	<b>495,347,686</b>	<b>2,382,410,374</b>
<i>Non-cash transactions</i>				
Payables for purchases of machinery and equipment	45,603,584	65,389,111	45,603,584	65,389,111
Dividend receivables	-	39,454,762	-	39,454,762
Dividend payables	5,356,034	4,964,495	5,356,034	4,964,495

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**  
**For the year ended 31 March 2017**

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# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

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 29 May 2017.

### 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, 16<sup>th</sup> Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok, 10330.

Factory : 44 Moo 1, Ayuthaya-Angthong Highway, Posa, Muang, Angthong, 14000.

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 (32.24%), 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 2017 and 2016 are given in notes 9 and 10.

### 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 2016. 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 31.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

**(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 judgements and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 assumption and 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 13	Current and deferred taxation
Note 18	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

For the year ended 31 March 2017

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 29 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

For the year ended 31 March 2017

### (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

For the year ended 31 March 2017

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

For the year ended 31 March 2017

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	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

For the year ended 31 March 2017

### (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.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

**(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.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

### (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 is recognised using the effective interest method and comprises 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.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

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.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

(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.

(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 9 and 10. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
SKI Carbon Black (Mauritius) Limited	Mauritius	Major shareholder of the Company, 10% or more shareholding.
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.
Alexandria Fiber Co., S.A.E.	Egypt	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
Columbian International Chemicals Corporation	Georgia	Same ultimate parent company
Columbian Carbon Europa S.R.L.	Italy	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.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

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
Dividend	According to the declaration
Share of production cost - steam and electric power	With reference to market price
Expenses charged to/by related parties	Actual price
Rental expenses	By mutual agreement

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

<i>Year ended 31 March</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
Interest income	321,841	279,709	321,841	279,709
Dividend income	-	-	27,851	30,202
Purchase of goods	44	1,971	44	1,971
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	34,497	37,569	34,497	37,569
<b>Total key management personnel compensation</b>	<b>34,497</b>	<b>37,569</b>	<b>34,497</b>	<b>37,569</b>
<b>Directors' remuneration</b>	<b>3,567</b>	<b>4,047</b>	<b>3,567</b>	<b>4,047</b>
<b>Other related parties</b>				
Dividend income	17,080	-	17,080	-
Share of production cost - steam and electric power	275,949	335,346	275,949	335,346
Expenses charged to a related parties	97,009	57,303	97,009	57,303
Rental expenses	3,240	3,240	3,240	3,240
Purchase of goods	142,715	67,229	142,715	67,229
Expenses charged by related parties	87,479	93,325	87,479	93,325

### **Intercompany services agreement**

In April 2016, the Company entered into an intercompany services agreement with a related party, in which both parties agreed to provide certain management services including but not limited to executive support, finance, operation, human resources, sales and marketing, general administrative and project services support. Service fees will be mutually agreed.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

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

<i>Trade accounts receivable - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Other related party	46,645	59,496	46,645	59,496
<b>Total</b>	<b>46,645</b>	<b>59,496</b>	<b>46,645</b>	<b>59,496</b>

<i>Other receivables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Other related parties	18,143	13,666	18,143	13,666
<b>Total</b>	<b>18,143</b>	<b>13,666</b>	<b>18,143</b>	<b>13,666</b>

<i>Interest receivables - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associate				
Current portion	-	1,218,205	-	1,218,205
Non-current portion	1,506,100	-	1,506,100	-
<b>Total</b>	<b>1,506,100</b>	<b>1,218,205</b>	<b>1,506,100</b>	<b>1,218,205</b>

<i>Long-term loan to related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associate				
Current portion	-	5,153,827	-	6,065,197
Non-current portion	5,911,495	-	5,928,832	-
<b>Total</b>	<b>5,911,495</b>	<b>5,153,827</b>	<b>5,928,832</b>	<b>6,065,197</b>

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

<i>Long-term loan to related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Associate</i>				
At 1 April of the preceding year	5,153,827	4,995,043	6,065,197	5,604,568
Unrealised gain (loss) on exchange rate	(136,365)	460,629	(136,365)	460,629
Share of net profit (loss) of an associate	804,929	(187,690)	-	-
Share of other comprehensive income of an associate	89,104	(114,155)	-	-
<b>At 31 March</b>	<b>5,911,495</b>	<b>5,153,827</b>	<b>5,928,832</b>	<b>6,065,197</b>

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

### *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 173 million, with an interest rate at LIBOR+3.5% per annum. This loan was scheduled to be repaid in July 2016. On 5 July 2016, the Company entered into an amendment agreement to extend the repayment date to July 2021 without changing any other conditions. The interest shall be compounded at the end of the respective interest period and payable along with the final repayment of the loan.

<i>Trade accounts payable - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associate	-	235	-	235
Other related parties	93,716	9,920	93,716	9,920
<b>Total</b>	<b>93,716</b>	<b>10,155</b>	<b>93,716</b>	<b>10,155</b>

<i>Other payables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associate	-	1	-	1
Other related parties	17,277	37,031	17,277	37,031
<b>Total</b>	<b>17,277</b>	<b>37,032</b>	<b>17,277</b>	<b>37,032</b>

## 5 Cash and cash equivalents

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Cash on hand	368	302	368	302
Cash at banks - current accounts	55,715	12,589	55,682	12,494
Cash at banks - savings accounts	139,278	1,844,614	139,278	1,844,614
Fixed deposit	300,020	525,000	300,020	525,000
<b>Total</b>	<b>495,381</b>	<b>2,382,505</b>	<b>495,348</b>	<b>2,382,410</b>

## 6 Short-term deposits at financial institutions

As at 31 March 2017, the Company had short-term deposits at local financial institutions, amounting to Baht 2,633 million (2016:nil), which was bearing interest at the rate of 1.60 - 1.85% per annum and matured in April to September 2017.

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**

**7 Trade accounts receivable**

		<b>Consolidated and separate financial statements</b>	
	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Related party	4	46,645	59,496
Other parties		845,998	731,925
<b>Total</b>		<b>892,643</b>	<b>791,421</b>
<i>Less</i> allowance for doubtful accounts		-	-
<b>Net</b>		<b>892,643</b>	<b>791,421</b>
Bad and doubtful debts expense for the year		-	-

Aging analyses for trade accounts receivable were as follows:

		<b>Consolidated and separate financial statements</b>	
		2017	2016
		<i>(in thousand Baht)</i>	
<b>Related party</b>			
Within credit terms		46,645	59,496
Overdue:			
Less than 3 months		-	-
3 - 6 months		-	-
6 - 12 months		-	-
Over 12 months		-	-
		<b>46,645</b>	<b>59,496</b>
<i>Less</i> allowance for doubtful accounts		-	-
		<b>46,645</b>	<b>59,496</b>
<b>Other parties</b>			
Within credit terms		764,320	710,298
Overdue:			
Less than 3 months		81,678	19,618
3 - 6 months		-	-
6 - 12 months		-	114
Over 12 months		-	1,895
		<b>845,998</b>	<b>731,925</b>
<i>Less</i> allowance for doubtful accounts		-	-
		<b>845,998</b>	<b>731,925</b>
<b>Net</b>		<b>892,643</b>	<b>791,421</b>

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

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

### 8 Inventories

	Consolidated and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Finished goods	279,733	215,420
Raw materials	301,351	242,315
Factory supplies and spare parts	149,812	123,114
Goods in transit	63,551	5,042
	<u>794,447</u>	<u>585,891</u>
Less allowance for decline in value	<u>(27,587)</u>	<u>(11,999)</u>
<b>Net</b>	<b><u>766,860</u></b>	<b><u>573,892</u></b>
Inventories recognised as an expense in 'cost of sales of goods':		
- Cost	3,536,953	3,779,366
- Provision (reversal of allowance) for decline in value	15,588	(475)
<b>Total</b>	<b><u>3,552,541</u></b>	<b><u>3,778,891</u></b>

### 9 Investments in equity-accounted investees

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
At 1 April of the preceding year	3,396,785	3,011,162	770,364	770,364
Share of profits of equity- accounted investees, net	330,836	349,186	-	-
Dividend income	(27,851)	(30,202)	-	-
Currency translation differences	(30,129)	66,639	-	-
<b>At 31 March</b>	<b><u>3,669,641</u></b>	<b><u>3,396,785</u></b>	<b><u>770,364</u></b>	<b><u>770,364</u></b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**

Investments in equity-accounted investees as at 31 March 2017 and 2016, and dividend income from those investments for the years then ended, were as follows:

<b>Consolidated financial statements</b>												
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			(%)				(in thousand Baht)					
<b>Associates</b>												
P.T. Indo Liberty	Textiles											
Textiles	manufacturing	Indonesia	40.00	40.00	515,664	515,664	196,948	196,948	377,421	405,460	2,360	4,711
Aditya Birla Chemicals (Thailand) Limited	Chemical manufacturing	Thailand	29.99	29.99	1,700,000	1,700,000	509,820	509,820	3,292,220	2,991,325	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>
<b>Total</b>							<b><u>770,364</u></b>	<b><u>770,364</u></b>	<b><u>3,669,641</u></b>	<b><u>3,396,785</u></b>	<b><u>27,851</u></b>	<b><u>30,202</u></b>

As at 31 March 2017, investment in Indigold Carbon (Mauritius) Limited (“Indigold”) includes a long-term loan for a notional amount of USD 173 million, equivalent to Baht 5,929 million (31 March 2016: USD 173 million, equivalent to Baht 6,065 million), and interest receivables of USD 44 million, equivalent to Baht 1,506 million (31 March 2016: USD 35 million, equivalent to Baht 1,218 million).

For the year ended 31 March 2017, the Group’s share in total comprehensive income of Indigold amounted to a gain of Baht 894 million (31 March 2016: a loss of Baht 302 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 firstly 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 interest and loan receivable, is carried at cost.

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**

	Ownership interest		Paid-up capital		Cost		Separate financial statements				Dividend income	
	2017	2016	2017	2016	2017	2016	Impairment		At cost - net		2017	2016
	(%)						2017	2016	2017	2016		
<b>Associates</b>												
P.T. Indo Liberty Textiles	40.00	40.00	515,664	515,664	196,948	196,948	-	-	196,948	196,948	2,360	4,711
Aditya Birla Chemicals (Thailand) Limited	29.99	29.99	1,700,000	1,700,000	509,820	509,820	-	-	509,820	509,820	25,491	25,491
Indigold Carbon (Mauritius) Limited	20.59	20.59	308,870	308,870	<u>63,596</u>	<u>63,596</u>	<u>-</u>	<u>-</u>	<u>63,596</u>	<u>63,596</u>	<u>-</u>	<u>-</u>
<b>Total</b>					<u><b>770,364</b></u>	<u><b>770,364</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>770,364</b></u>	<u><b>770,364</b></u>	<u><b>27,851</b></u>	<u><b>30,202</b></u>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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**For the year ended 31 March 2017**

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>							
Revenue	4,290,481	3,964,511	15,620,834	15,724,310	26,635,317	27,035,624	46,546,632	46,724,445
Net profit (loss)	(41,097)	(90,436)	1,170,067	1,284,963	4,022,431	(901,521)	5,151,401	293,006
Other comprehensive income	(23,101)	87,264	(79,106)	105,814	432,747	(390,524)	330,540	(197,446)
<b>Total comprehensive income</b>	<b>(64,198)</b>	<b>(3,172)</b>	<b>1,090,961</b>	<b>1,390,777</b>	<b>4,455,178</b>	<b>(1,292,045)</b>	<b>5,481,941</b>	<b>95,560</b>
Attributable to NCI	-	-	2,646	9,338	113,105	173,930	115,751	183,268
Attributable to investee's shareholders	(64,198)	(3,172)	1,088,315	1,381,439	4,342,073	(1,465,975)	5,366,190	(87,708)
Current assets	1,316,630	1,088,990	10,237,293	8,988,199	18,856,534	13,524,082	30,410,457	23,601,271
Non-current assets	2,692,435	2,956,391	4,637,043	4,871,948	32,625,551	30,570,824	39,955,029	38,399,163
Current liabilities	(1,981,975)	(1,648,336)	(3,466,846)	(3,206,326)	(12,831,835)	(24,616,090)	(18,280,656)	(29,470,752)
Non-current liabilities	(1,080,722)	(1,379,538)	(315,847)	(568,139)	(37,779,960)	(23,063,704)	(39,176,529)	(25,011,381)
<b>Net assets</b>	<b>946,368</b>	<b>1,017,507</b>	<b>11,091,643</b>	<b>10,085,682</b>	<b>870,290</b>	<b>(3,584,888)</b>	<b>12,908,301</b>	<b>7,518,301</b>
Attributable to NCI	-	-	52,732	50,086	954,492	841,387	1,007,224	891,473
Attributable to investee's shareholders	946,368	1,017,507	11,038,911	10,035,596	(84,202)	(4,426,275)	11,901,077	6,626,828
Group interest in net asset of investee as of 1 April of the preceding year	405,460	411,440	2,991,325	2,599,722	-	-	3,396,785	3,011,162
Total comprehensive income attributable to the Group	(25,679)	(1,269)	326,386	417,094	-	-	300,707	415,825
Dividends received during the year	(2,360)	(4,711)	(25,491)	(25,491)	-	-	(27,851)	(30,202)
<b>Group's interest in net assets of investee at end of year</b>	<b>377,421</b>	<b>405,460</b>	<b>3,292,220</b>	<b>2,991,325</b>	<b>-</b>	<b>-</b>	<b>3,669,641</b>	<b>3,396,785</b>
Goodwill	-	-	-	-	-	-	-	-
<b>Carrying amount of interest in investee at 31 March</b>	<b>377,421</b>	<b>405,460</b>	<b>3,292,220</b>	<b>2,991,325</b>	<b>-</b>	<b>-</b>	<b>3,669,641</b>	<b>3,396,785</b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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Indigold's net profit for the year ended 31 March 2017 included an other income of USD 105 million, equivalent to Baht 3,692 million from an insurance claim.

**10 Investments in subsidiary**

Investments in subsidiary as at 31 March 2017 and 2016 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	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(%)		(in thousand Baht)									
<b>Direct subsidiary</b>													
Birla Carbon Mexico, S.A. DE C.V.	Carbon Manufacturing	98	98	12,854	12,854	12,854	12,854	-	-	12,854	12,854	-	-
<b>Total</b>						<b>12,854</b>	<b>12,854</b>	<b>-</b>	<b>-</b>	<b>12,854</b>	<b>12,854</b>	<b>-</b>	<b>-</b>

**11 Other long-term investments**

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
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)
<b>Carrying amount of investments at 31 March</b>	<b>1,580,604</b>	<b>1,580,604</b>	<b>1,580,604</b>	<b>1,580,604</b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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Other long-term investments as at 31 March 2017 and 2016 and dividend income from these investments for the years then ended were as follows:

	Ownership interest		Currency	Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2017	2016		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	( <i>%)</i>			<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	17,080	-
Alexandria Fiber Co., 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
<b>Total</b>						<b><u>1,744,358</u></b>	<b><u>1,744,358</u></b>	<b><u>(163,754)</u></b>	<b><u>(163,754)</u></b>	<b><u>1,580,604</u></b>	<b><u>1,580,604</u></b>	<b><u>17,080</u></b>	<b><u>39,455</u></b>



**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**

**12 Property, plant and equipment**

	<b>Consolidated and Separate financial statements</b>						Total
	Land	Buildings and constructions	Machinery and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicles	Assets under installation and construction	
<b><i>Cost</i></b>							
At 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)	-
<b>As at 31 March 2016 and 1 April 2016</b>	<b>138,533</b>	<b>759,260</b>	<b>4,708,659</b>	<b>75,341</b>	<b>17,326</b>	<b>302,856</b>	<b>6,001,975</b>
Additions	-	-	28,154	851	-	42,561	71,566
Write off/disposal	-	-	(51,120)	(482)	(1,625)	(1,436)	(54,663)
Transfers	-	-	85,121	10	-	(85,131)	-
<b>As at 31 March 2017</b>	<b>138,533</b>	<b>759,260</b>	<b>4,770,814</b>	<b>75,720</b>	<b>15,701</b>	<b>258,850</b>	<b>6,018,878</b>
<b><i>Depreciation</i></b>							
At 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)
<b>As at 31 March 2016 and 1 April 2016</b>	<b>-</b>	<b>477,201</b>	<b>3,904,345</b>	<b>72,656</b>	<b>12,015</b>	<b>-</b>	<b>4,466,217</b>
Depreciation charge for the year	-	22,199	163,465	1,096	2,575	-	189,335
Write off/disposal	-	-	(50,691)	(482)	(1,555)	-	(52,728)
<b>As at 31 March 2017</b>	<b>-</b>	<b>499,400</b>	<b>4,017,119</b>	<b>73,270</b>	<b>13,035</b>	<b>-</b>	<b>4,602,824</b>
<b><i>Net book value</i></b>							
<b>At 31 March 2016</b>	<b>138,533</b>	<b>282,059</b>	<b>804,314</b>	<b>2,685</b>	<b>5,311</b>	<b>302,856</b>	<b>1,535,758</b>
<b>At 31 March 2017</b>	<b>138,533</b>	<b>259,860</b>	<b>753,695</b>	<b>2,450</b>	<b>2,666</b>	<b>258,850</b>	<b>1,416,054</b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 March 2017 amounted to Baht 3,511 million (2016: Baht 3,312 million).

The Company has no pledged assets as at 31 March 2017 (2016: Baht 1,233 million) as collateral against credit facilities received from financial institutions.

**13 Deferred tax**

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

	<b>Consolidated and separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	101,337	159,729	(18,785)	(24,895)
Set off of tax	(18,785)	(24,895)	18,785	24,895
<b>Net deferred tax assets</b>	<b>82,552</b>	<b>134,834</b>	<b>-</b>	<b>-</b>

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

	<b>Consolidated and separate financial statements</b>		
	<b>At 1 April 2016</b>	<b>(Charged) / Credited to: profit or loss</b>	<b>At 31 March 2017</b>
	<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>			
Provision for impairment of other investments	53,191	-	53,191
Provision for employee benefits	18,632	(413)	18,219
Unrealised loss from derivatives	82,891	(61,313)	21,578
Provision for decline in value of inventories	2,400	3,117	5,517
Others	2,615	217	2,832
<b>Total</b>	<b>159,729</b>	<b>(58,392)</b>	<b>101,337</b>
<b>Deferred tax liabilities</b>			
Deferred transaction cost	(24,895)	6,110	(18,785)
<b>Total</b>	<b>(24,895)</b>	<b>6,110</b>	<b>(18,785)</b>
<b>Net</b>	<b>134,834</b>	<b>(52,282)</b>	<b>82,552</b>

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

	<b>Consolidated and separate financial statements</b>		
	<b>At 1 April 2015</b>	<b>(Charged) / Credited to: profit or loss (in thousand Baht)</b>	<b>At 31 March 2016</b>
<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
Provision for decline in value of inventories	-	2,400	2,400
Others	4,005	(1,390)	2,615
<b>Total</b>	<b><u>80,892</u></b>	<b><u>78,837</u></b>	<b><u>159,729</u></b>
<i>Deferred tax liabilities</i>			
Deferred transaction cost	(3,924)	(20,971)	(24,895)
<b>Total</b>	<b><u>(3,924)</u></b>	<b><u>(20,971)</u></b>	<b><u>(24,895)</u></b>
<b>Net</b>	<b><u>76,968</u></b>	<b><u>57,866</u></b>	<b><u>134,834</u></b>

### 14 Trade accounts payable

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Related parties	4	93,716	10,155	93,716	10,155
Other parties		591,796	176,245	591,796	176,245
<b>Total</b>		<b><u>685,512</u></b>	<b><u>186,400</u></b>	<b><u>685,512</u></b>	<b><u>186,400</u></b>

### 15 Other payables

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
<b>Related parties</b>	4	<u>17,277</u>	<u>37,032</u>	<u>17,277</u>	<u>37,032</u>
<b>Others</b>					
Other payables for machinery and equipment		45,604	65,389	45,604	65,389
Accrued bonus expenses		31,951	57,681	31,951	57,681
Accrued insurance expense		23,068	23,226	23,068	23,226
Accrued service fee		11,418	49,930	11,418	49,930
Others		43,360	51,107	43,360	51,107
<b>Total</b>		<b><u>155,401</u></b>	<b><u>247,333</u></b>	<b><u>155,401</u></b>	<b><u>247,333</u></b>
		<b><u>172,678</u></b>	<b><u>284,365</u></b>	<b><u>172,678</u></b>	<b><u>284,365</u></b>

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

### 16 Long-term loan from financial institutions

	Consolidated and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
<b>Current</b>		
Current portion of long-term loan from financial institutions	160,653	65,980
<b>Non-current</b>		
Long-term loan from financial institutions	3,460,528	3,704,357
	<u>3,621,181</u>	<u>3,770,337</u>

Movements during the year ended 31 March 2017 and 2016 of loan from financial institutions were as follows:

	Consolidated and separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 April of the preceding year	3,770,337	2,455,573
Proceeds from loan during year	-	3,917,290
Payment of transaction cost	-	(132,949)
Repayment during the year	(98,656)	(2,692,026)
Amortised deferred transaction cost	30,552	28,091
Exchange rate adjustments	(81,052)	194,358
<b>At 31 March</b>	<u>3,621,181</u>	<u>3,770,337</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. During the year ended 31 March 2017, all the mortgages of land, buildings and machineries under the old facility agreement are released. However, under the new facility agreement, negative pledge is required over all current and fixed assets of the Company.

### 17 Other current liabilities

Other current liabilities as at 31 March 2017 mainly comprises derivatives liabilities amounting to Baht 107.9 million (31 March 2016: Baht 414.5 million).

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

### 18 Employee benefits obligations

	<b>Consolidated and separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
<b>Statement of financial position obligations for:</b>		
Post-employment benefits	93,015	93,162
<i>For the year ended 31 March</i>		
<b>Statement of comprehensive income:</b>		
<b>Recognised in profit or loss:</b>		
Post-employment benefits	9,989	9,901
<b>Recognised in other comprehensive income:</b>		
Actuarial losses recognised in the year	-	-
Cumulative actuarial losses recognised	(4,341)	(4,341)

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:

	<b>Consolidated and separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 April of the preceding year	93,162	94,448
<b>Include in profit or loss:</b>		
Current service cost	6,665	6,409
Interest on obligation	3,324	3,492
	<b>9,989</b>	<b>9,901</b>
<b>Other</b>		
Benefits paid during the year	(10,136)	(11,187)
	<b>(10,136)</b>	<b>(11,187)</b>
<b>Defined benefit obligations at 31 March</b>	<b>93,015</b>	<b>93,162</b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**

*Actuarial assumptions*

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>Consolidated and separate financial statements</b>	
	2017	2016
	(%)	
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.

	<b>Consolidated and separate financial statements</b>	
	(in thousand Baht)	
<b>Defined benefit obligation 31 March 2017 and 2016</b>	Increase	Decrease
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.

**19 Share capital**

	Par value per share (in Baht)	2017		2016	
		Number	Amount	Number	Amount
<i>(thousand shares / thousand Baht)</i>					
<b>Authorised</b>					
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>
<b>At 31 March</b>					
- ordinary shares	1	<u><b>300,000</b></u>	<u><b>300,000</b></u>	<u><b>300,000</b></u>	<u><b>300,000</b></u>
<b>Issued and paid-up</b>					
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>
<b>At 31 March</b>					
- ordinary shares	1	<u><b>300,000</b></u>	<u><b>300,000</b></u>	<u><b>300,000</b></u>	<u><b>300,000</b></u>

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

### *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.

## **20 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 2017 and 2016, 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.

## **21 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.

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**

*Geographical information*

	<b>Revenues</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
Thailand	3,127,612	2,940,813
Japan	651,751	825,210
Indonesia	374,399	241,780
Vietnam	336,319	169,798
Malaysia	170,281	211,980
Other countries	379,740	446,154
<b>Total</b>	<b><u>5,040,102</u></b>	<b><u>4,835,735</u></b>

*Major customers*

For the year ended 31 March 2017, the Company has revenue from two major customers in the amount of Baht 677.3 million and Baht 419.6 million, respectively (*For the year ended 31 March 2016: Baht 711.2 million and Baht 408.3 million, respectively*).

**22 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.

**23 Employee benefit expenses**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Wages and salaries	274,613	298,267	274,613	298,267
Provident fund	7,333	7,339	7,333	7,339
Post-employment benefit	9,989	9,901	9,989	9,901
Others	24,962	24,489	24,962	24,489
<b>Total</b>	<b><u>316,897</u></b>	<b><u>339,996</u></b>	<b><u>316,897</u></b>	<b><u>339,996</u></b>

*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

## Notes to the financial statements

For the year ended 31 March 2017

### 24 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	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b><i>Included in cost of sales of goods:</i></b>				
Changes in inventories of finished goods	(64,313)	(107,767)	(64,313)	(107,767)
Raw materials and consumables used	2,650,694	2,905,981	2,650,694	2,905,981
Depreciation and amortisation	192,983	252,637	192,983	252,637
Employee benefit expenses	208,001	222,737	208,001	222,737
Utility expenses	377,254	348,745	377,254	348,745
Others	187,922	156,558	187,922	156,558
<b>Total</b>	<b>3,552,541</b>	<b>3,778,891</b>	<b>3,552,541</b>	<b>3,778,891</b>
<b><i>Included in selling expenses:</i></b>				
Transportation	132,039	122,845	132,039	122,845
Others	8,941	6,308	8,941	6,308
<b>Total</b>	<b>140,980</b>	<b>129,153</b>	<b>140,980</b>	<b>129,153</b>
<b><i>Included in administrative expenses:</i></b>				
Employee benefit expenses	108,896	117,259	108,896	117,259
Technical assistance and consultancy	104,415	100,013	104,415	100,013
Rental expenses	14,498	7,487	14,498	7,487
Research and development expenses	-	10,905	-	10,905
Others	56,810	52,301	56,765	52,139
<b>Total</b>	<b>284,619</b>	<b>287,965</b>	<b>284,574</b>	<b>287,803</b>

### 25 Income tax expense

*Income tax recognised in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Current tax expense		142,919	176,352	142,919	176,352
Deferred income tax	13	52,282	(57,866)	52,282	(57,866)
<b>Total income tax expense</b>		<b>195,201</b>	<b>118,486</b>	<b>195,201</b>	<b>118,486</b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
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*Reconciliation of effective tax rate*

	<b>Consolidated financial statements</b>			
	2017		2016	
	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>
Profit before tax		<u>2,487,861</u>		<u>1,045,737</u>
Income tax using the Thai corporation tax rate	20	497,572	20	209,147
Income not subject to tax		(77,065)		(56,377)
Recognition of previously unrecognised deferred tax assets		-		(2,494)
Share of profit from investments in associates		(227,153)		(32,298)
Expenses not deductible for tax purposes		1,984		548
Additional expense deductions allowed		(146)		(72)
Others		9		32
<b>Total</b>	<b>8</b>	<b><u>195,201</u></b>	<b>11</b>	<b><u>118,486</u></b>

	<b>Separate financial statements</b>			
	2017		2016	
	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>
Profit before tax		<u>1,379,992</u>		<u>914,605</u>
Income tax using the Thai corporation tax rate	20	275,998	20	182,921
Income not subject to tax		(82,635)		(62,417)
Recognition of previously unrecognised deferred tax assets		-		(2,494)
Expenses not deductible for tax purposes		1,984		548
Additional expense deductions allowed		(146)		(72)
<b>Total</b>	<b>14</b>	<b><u>195,201</u></b>	<b>13</b>	<b><u>118,486</u></b>

*Income tax reduction*

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.

**26 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.

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

	<b>Consolidated and separate financial statements</b>					
	2017			2016		
	Promoted business	Non- promoted business	Total	Promoted business	Non- promoted business	Total
	<i>(in thousand Baht)</i>					
<b>Sales</b>						
Export sales	-	1,912,490	1,912,490	-	1,894,922	1,894,922
Local sales	-	3,127,612	3,127,612	-	2,940,813	2,940,813
<b>Total sales</b>	-	5,040,102	5,040,102	-	4,835,735	4,835,735
Cost reduction from sales of electricity and steam generated from manufacturing process	378,212	458,912	837,124	315,278	505,825	821,103
<b>Total</b>	<b>378,212</b>	<b>5,499,014</b>	<b>5,877,226</b>	<b>315,278</b>	<b>5,341,560</b>	<b>5,656,838</b>

## 27 Earnings per share

### *Basic earnings per share*

The calculations of basic earnings per share for the year ended 31 March 2017 and 2016 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:

<b>Year ended 31 March</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to equity holders of the Company (basic)	2,292,660	927,251	1,184,791	796,120
Number of ordinary shares outstanding (basic)	300,000	300,000	300,000	300,000
<b>Earnings per share (basic) (in Baht)</b>	<b>7.64</b>	<b>3.09</b>	<b>3.95</b>	<b>2.65</b>

## 28 Dividends

At the annual general meeting of the shareholders of the Company held on 14 July 2016, the shareholders approved the appropriation of dividends of Baht 0.6 per share, amounting to Baht 180 million. The dividends was paid to shareholders in August 2016.

At the annual general meeting of the shareholders of the Company held on 29 July 2015, the shareholders approved the appropriation of dividends of Baht 0.6 per share, amounting to Baht 180 million. The dividends was paid to shareholders in August 2015.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

### 29 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.

#### *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:

<b>Consolidated and separate financial statements</b>					
	Effective Interest Rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		<i>(in thousand Baht)</i>			
<b>2017</b>					
Loan to related party	4.66	<u>-</u>	<u>5,928,832</u>	<u>-</u>	<u>5,928,832</u>
<b>2016</b>					
Loan to related party	4.12	<u>6,065,197</u>	<u>-</u>	<u>-</u>	<u>6,065,197</u>

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

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 and separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
<i>(in thousand Baht)</i>					
<b>2017</b>					
Loan from financial institutions	2.74	<u>160,653</u>	<u>3,460,528</u>	<u>-</u>	<u>3,621,181</u>
<b>2016</b>					
Loan from financial institutions	2.32	<u>65,980</u>	<u>3,704,357</u>	<u>-</u>	<u>3,770,337</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.

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 financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>(in thousand Baht)</i>				
<b>United States Dollars</b>				
Cash and cash equivalents	254	1,753,714	254	1,753,714
Trade accounts receivable	210,279	235,314	210,279	235,314
Other receivables	8,049	14,835	8,049	14,835
Trade accounts payable	(590,569)	(136,408)	(590,569)	(136,408)
Other payables	(42,940)	(26,892)	(42,940)	(26,892)
Long-term loan to related party	5,928,832	6,065,197	5,928,832	6,065,197
Long-term interest receivables	<u>1,506,100</u>	<u>1,217,342</u>	<u>1,506,100</u>	<u>1,217,342</u>
<b>Gross statement of financial position exposure</b>	<b>7,020,005</b>	<b>9,123,102</b>	<b>7,020,005</b>	<b>9,123,102</b>
Currency forwards	(1,961,502)	(3,717,422)	(1,961,502)	(3,717,422)
Currency swaps	<u>(1,936,455)</u>	<u>(2,556,131)</u>	<u>(1,936,455)</u>	<u>(2,556,131)</u>
<b>Net exposure</b>	<b><u>3,122,048</u></b>	<b><u>2,849,549</u></b>	<b><u>3,122,048</u></b>	<b><u>2,849,549</u></b>
<b>Japanese Yen</b>				
Trade accounts payable	<u>(967)</u>	-	<u>(967)</u>	-
<b>Gross statement of financial position exposure</b>	<b><u>(967)</u></b>	<b>-</b>	<b><u>(967)</u></b>	<b>-</b>

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Indian Rupee</b>				
Trade accounts payable	(5,358)	-	(5,358)	-
Other payables	-	(8,854)	-	(8,854)
<b>Gross statement of financial position exposure</b>	<b>(5,358)</b>	<b>(8,854)</b>	<b>(5,358)</b>	<b>(8,854)</b>
<b>Euro</b>				
Other receivables	3,474	3,388	3,474	3,388
Trade accounts payable	(8,212)	(1,643)	(8,212)	(1,643)
Other payables	(139,292)	(60,445)	(139,292)	(60,445)
<b>Gross statement of financial position exposure</b>	<b>(144,030)</b>	<b>(58,700)</b>	<b>(144,030)</b>	<b>(58,700)</b>
<b>Mexican Peso</b>				
Cash and cash equivalents	33	95	-	-
Other current assets	102	105	-	-
<b>Gross statement of financial position exposure</b>	<b>135</b>	<b>200</b>	<b>-</b>	<b>-</b>

### **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 107.9 million as at 31 March 2017 are taken as fair value determined as level 2 fair values based on broker quotes.

# Thai Carbon Black Public Company Limited and its Subsidiary

## Notes to the financial statements

For the year ended 31 March 2017

### 30 Commitments and contingent liabilities with non-related parties

	<b>Consolidated and separate financial statements</b>	
	31 March 2017	31 March 2016
	<i>(in thousand Baht)</i>	
<b>Capital commitments</b>		
Machinery and equipment	51,491	68,337
<b>Total</b>	<b>51,491</b>	<b>68,337</b>
<b>Non-cancellable operating lease commitments</b>		
Within one year	2,131	2,739
After one year but within five years	87	2,169
<b>Total</b>	<b>2,218</b>	<b>4,908</b>
<b>Other commitments</b>		
Bank guarantees for electricity use <i>(for own performance)</i>	12,548	12,548
<b>Total</b>	<b>12,548</b>	<b>12,548</b>

#### **Operating lease agreements**

The Group has various operating lease agreements for office, office equipment and vehicle rental. The period of agreements is variable from 1-4 years.

#### **Bank guarantee and letter of credit**

As at 31 March 2017, the Company had outstanding bank guarantees issued by the bank for electricity use amounting to Baht 12 million (*31 March 2016: Baht 12 million*) and outstanding letter of credit issued by the banks to guarantee payments to creditors amounting to USD 12 million and JPY 3 million (*31 March 2016: USD 3 million, EUR 1 million and JPY 10 million*).

### 31 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 2017, are set out below. The Group does not plan to adopt these TFRS early.

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**

<b>TFRS</b>	<b>Topic</b>
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
FAP Announcement no. 5/2559	Accounting Guidance for derecognition of financial assets and financial liabilities

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 period of initial application.

### **32 Reclassification of accounts**

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	<b>2016</b>		
	Before reclassification	Reclassification <i>(in thousand Baht)</i>	After reclassification
<b><i>Consolidated and separate statements of financial position</i></b>			
Trade accounts receivable	690,611	100,810	791,421
Other receivables	163,629	<u>(100,810)</u>	62,819
		<u><u>-</u></u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group/Company's business.