

**MAGNECOMP PRECISION TECHNOLOGY  
PUBLIC COMPANY LIMITED**

**ANNUAL REPORT 2018**

**For the year ended 31<sup>st</sup> March 2018**

## Chairman and President's Letter to Shareholders

Dear shareholders,

MPT faced a difficult fiscal year 2018 (1st April, 2017 to 31st March, 2018). As reported in the last couple of years, demand of Hard Disk Drives (“HDD”) continued to decline due to the increasing adoption of flash memory and solid state drives (“SSD”) in laptop computers and hand-held devices. HDD manufacturers had been producing HDD with higher capacity but lower cost per byte to stay competitive against SSD. That put a high pressure on the suspension selling price. During fiscal year 2018, sales revenue of MPT reduced 7% year-on-year while suspension shipment unit increased a moderate 1%. As a result, net profits were reduced 22% from fiscal year 2017 to THB 599 million. Net Profits margin was 4.7%, compared to 5.7% in the previous year.

Today, HDD market is largely supported by the demand of high capacity drives used in large data centers and near line back up applications. We see HDD manufacturers continue to increase the number of disks and heads/suspensions per drive as a simple way to increase its storage capacity per drive. This method directly benefits suspension producers. Hence, even as the volume of HDD shipment decreases, the demand of suspension is compensated by a higher suspension per drive ratio. At the same time, HDD manufacturers have also been increasing the areal density of each disk through continued advancement in head and hard drive technology including the use of advance suspension technologies such as micro-DSA. With all these factors, we believe demand of suspension will gradually increase as more and more high capacity HDD will be shipped in the future.

As previously reported to you, MPT continues to invest major resources into design and product development and believes it is a leader in Dual Stage Actuator (“DSA”) technology. More than 70% of suspensions shipped by MPT in fiscal year 2018 were DSA type suspension. MPT has also started volume production of the next generation micro-DSA suspensions. MPT will continue to play a leading role in the development of advanced suspensions to support even higher capacity HDDs and meet the expectation of the HDD industry.

On a separate note, MPT had decided to divest EntroComponent Solutions which it acquired in 2013. We were not successful to achieve the growth and get large enough volume to sustain that business. The disposal was effective on 31st May, 2018. The Company had provided for the loss in investment in fiscal year 2017 and therefore does not expect to have significant negative impact to the financial results of fiscal year 2019.

Considering that MPT will invest in the manufacturing equipment to produce the next generation suspension and productivity improvements to stay competitive, the Board of Directors decided not to declare a dividend for fiscal year 2018.

On behalf of the Board of Directors and all the employees, we would also like to thank our customers, suppliers, trading partners and parent company, TDK, for their continuous support.

Mr. Chackchai Panichapat  
Chairman and Independent Director

Mr. Albert Ong Kim Guan  
President and CEO

25<sup>th</sup> June, 2018

# Company Information

**Name**                      **Magnecomp Precision Technology Public Company Limited**

<b>Ordinary Share Capital</b>		<b>Registered</b>	<b>Paid-up</b>
Initial Capital(1994)	No. of Shares Par Value Amount	19,000,000 Shares Baht 10 each Baht 190,000,000	15,200,000 Shares Baht 10 each Baht 152,000,000
As at 31 <sup>st</sup> March, 2018	No. of Shares Par Value Amount	2,085,861,788 Shares Baht 1.80 each Baht3,754,551,218.40	2,085,861,788 Shares Baht 1.80 each Baht3,754,551,218.40

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**Registration Number**                      0107537000874 (formerly Bor Mor Jor 334)

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**Core business**                      MPT specializes in designing, developing and manufacturing precision suspension assemblies for the Hard Disk Drive (HDD) industry. The Company sells its products to HDD manufacturers and recording head manufacturers worldwide. MPT consists of various subsidiary companies specializing in chemical etching, and tool and die design supporting its core business.

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**Headquarters**                      162 Moo 5 Phaholyothin Road  
Tambol Lamsai, Ampur Wangnoi  
Ayutthaya, 13170, Thailand

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**Telephone**                      (66-35) 215-225                      **Telefax**                      (66-35) 215-345

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**Website**                      [www.MagnecompPrecision.com](http://www.MagnecompPrecision.com)

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### Nature of Business

The primary business of the Company is designing and manufacturing of suspension assemblies and suspension related components for use in hard disk drives (HDDs). Suspensions are an integral part of the manufacturing of a head-gimbal assembly, providing the support for the read/write head. In addition, suspensions help maintain a consistent “flying height” above the media in order for the heads to accurately read the disk’s data. Disk drive heads do not touch the surface of the spinning disk but instead ‘fly’ at a precise microscopic height above the disk. It is the suspension that allows the head to ‘fly’ less than one half of a micro-inch above the disk surface that is rotating continuously at speeds of between 5,400 and 15,000 revolutions per minute (a micro-inch is 0.000001 inch; to illustrate, a single strand of human hair is approximately 3000 micro-inches in diameter).

### Suspension Products

#### Suspension Assemblies

Suspension assemblies generally include component parts such as an elongated load beam, base plate, hinge, circuit and damper. The load beam is laser welded to the base plate and extending from the load beam is a spring region which permits some degree of bending in the assembly. The flexure is attached to the load beam which provides support to the head assembly, so that the head assembly can closely track the contours of the surface of the spinning disk. During operation of the disk drive, the whole suspension assembly is designed to work together to maintain the head assembly at a desired orientation with respect to the surface of the spinning disk.

#### Etched Components

MPT, through its subsidiary, Acrathon Precision Technologies (Dong guan) Co.,Ltd. (APDG), manufactures chemically etched metal components for suspension products, such as flexures and load beams, and for non-suspension related products. Such components are the main raw materials used in the manufacture of suspension assemblies.

### Other HDD-related Products

MPT’s subsidiary EntroComponent Solutions (“ECS”) was engaged in the business of being a contract developer and supplier of various components and materials utilized in the production of HDD products including special adhesive products.

The types of products that ECS sells are:

- Sealing / Gaskets;
- Filtration;
- Noise and Vibration Damping;
- Labelling and;
- Flow Diversion Products.

## Board of Directors

**Members of the Board of Directors as of 31<sup>st</sup> March, 2018, were as follows:**

No	Name	Position
1	Mr. Chackchai Panichapat	Chairman of the Board of Directors and independent director
2	Mr. Giichi Nagata	Director
3	Mr. Albert Ong Kim Guan	Director , President and CEO
4	Mr. Yew Ah Ming	Director and Vice President Finance
5	Mr. Stephen Ardrew Misuta	Director, Executive Vice President & COO
6	Mr. Thiti Makarabhiromya	Director and Senior Vice President MD Thailand Operations
7	Mr. Wing Sun Clarence Lo	Director and Senior Director of Manufacturing Finance

**Directors' interest in shares and debentures of the Company, as informed by the Directors under Sections 114(3) and 88(2) of the Public Limited Company Act, are stated as below:-**

No	Name	Share		Debentures	
		This Year	Previous year	This Year	Previous year
1	Mr. Chackchai Panichapat	None	None	None	None
2	Mr. Giichi Nagata	None	None	None	None
3	Mr. Albert Ong Kim Guan	None	None	None	None
4	Mr. Yew Ah Ming	None	None	None	None
5	Mr. Stephen Ardrew Misuta	None	None	None	None
6	Mr. Thiti Makarabhiromya	None	None	None	None
7	Mr. Wing Sun Clarence Lo	None	None	None	None

**Directors' interest in shares and debentures of the Company's subsidiaries, as informed by the Directors under Sections 114(3) and 88(2) of the Public Limited Company Act, are stated as below:-**

No	Name	Share		Debentures	
		This Year	Previous year	This Year	Previous year
1	Mr. Chackchai Panichapat	None	None	None	None
2	Mr. Giichi Nagata	None	None	None	None
3	Mr. Albert Ong Kim Guan	None	None	None	None
4	Mr. Yew Ah Ming	None	None	None	None
5	Mr. Stephen Ardrew Misuta	None	None	None	None
6	Mr. Thiti Makarabhiromya	None	None	None	None
7	Mr. Wing Sun Clarence Lo	None	None	None	None

## Board of Directors

**Details of the interests, directly or indirectly, in any contract made between the directors and the Company, as informed by the Directors under Sections 114(3) and 88(1) of the Public Limited Company Act, are stated as below:-**

Name		Related items	Detailed contract
1	Mr. Chackchai Panichapat	None	None
2	Mr. Giichi Nagata	None	None
3	Mr. Albert Ong Kim Guan	None	None
4	Mr. Yew Ah Ming	None	None
5	Mr. Stephen Ardrew Misuta	None	None
6	Mr. Thiti Makarabhiromya	None	None
7	Mr. Wing Sun Clarence Lo	None	None

**Compensation and benefits given to Directors are as follows:-**

Name		Benefits (specify)
1	Mr. Chackchai Panichapat	Director fees
2	Mr. Giichi Nagata	None
3	Mr. Albert Ong Kim Guan	Salary, bonus and other benefits specified in employment contract
4	Mr. Yew Ah Ming	Salary, bonus and other benefits specified in employment contract
5	Mr. Stephen Ardrew Misuta	Salary, bonus and other benefits specified in employment contract
6	Mr. Thiti Makarabhiromya	Salary, bonus and other benefits specified in employment contract
7	Mr. Wing Sun Clarence Lo	Salary, bonus and other benefits specified in employment contract

## Shareholders

The major shareholders of MPT as of 13<sup>rd</sup> June, 2018 are listed below:

Item	Name	Number of Shares	Percentage
1	TDK CORPORATION	2,083,353,002	99.880%
2	CLEARSTREAM NOMINEES LTD.	1,304,156	0.063%
3	MR. PHISIT SUCHARTLIKITVONG	150,000	0.007%
4	MR.SOMCHAI THIPPAYAKAISORN	104,100	0.005%
5	MR.PHANROP SUCHAILIKITVONG	50,000	0.002%
6	MISS MANMITKHOR CHAWLA	50,000	0.002%
7	MRS.HARMIT KAUR CHAWLA	50,000	0.002%
8	MRS. PORNSUK PORNPRAPA	44,508	0.002%
9	MR. PANUPHAN SANLIMSUWAN	31,100	0.001%
10	MR.SOMCHAI THEPNONG	30,000	0.001%
<b>Total</b>		<b>2,085,166,866</b>	<b>99.965%</b>

Remark:

TDK is a Japanese incorporated company listed on the Tokyo Stock Exchange of Japan (Security Code: 6762).

## Subsidiaries

List of subsidiaries of MPT as at 31<sup>st</sup> March 2018 are as follows:-

Name of the entities	Type of business	Head office	Registered /Paid-up Capital	Number / type of shares issued	Effective Interest of the Company
Acrathon Precision Technologies (HK) Limited (APHK)	Trading and Holding company for investment	Hong Kong	USD 12,064,103 / USD 12,064,103	Ordinary Shares / 12,064,103 Shares	100%
Acrathon Precision Technologies (Dong guan) Co.,Ltd. (APDG)*	Manufacturing and sale of suspension components	China	USD 2,700,000 / USD 2,700,000	Ordinary Shares / N/A	100%
Magnecomp Corporation (MCUS) *	Research, develop and sell high precision prototype suspension assemblies	USA	USD 1,000,000 / USD 50,000	Ordinary Shares / 50,000 Shares	100%
Entrocomponent Solutions Singapore PTE.LTD*	Manufacturing	Singapore	SGD 10,000 / SGD 10,000	Ordinary Shares / 10,000 Shares	100%

Notes:

\* Represents the companies that are held 100% by Acrathon Precision Technologies (HK) Limited



**Magnecomp Precision Technology  
Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 March 2018  
and  
Independent Auditor's Report



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 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.

#### *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.



KPMG Phoomchai Audit Ltd.  
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## Independent Auditor's Report

### To the Shareholders of Magnecomp Precision Technology Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of Magnecomp Precision Technology Public Company Limited and its subsidiaries (the "Group") and of Magnecomp Precision Technology Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 March 2018, the consolidated and separate statements of 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 2018 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 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.

#### *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.



- 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 management 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.

(Sumate Jangsamsee)  
Certified Public Accountant  
Registration No. 9362

KPMG Phoomchai Audit Ltd.  
Bangkok  
8 June 2018

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 March		31 March	
		2018	2017	2018	2017
		<i>(in Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	5	881,746,453	1,984,762,827	778,649,813	1,890,589,242
Other investments	6	707,736,543	2,124,382,710	624,636,000	2,067,006,000
Trade accounts receivable	4, 7	2,863,530,183	3,000,427,602	2,984,138,057	3,081,819,993
Amount due from related parties	4	111,563,363	31,773,053	114,120,779	28,100,844
Short-term loans to related parties	4	2,498,544,000	-	2,654,703,000	-
Inventories	8	1,018,750,437	1,506,580,828	967,280,173	1,433,293,824
Other current assets	9	77,934,303	68,375,319	56,768,856	46,537,504
<b>Total current assets</b>		<b>8,159,805,282</b>	<b>8,716,302,339</b>	<b>8,180,296,678</b>	<b>8,547,347,407</b>
<b>Non-current assets</b>					
Investments in subsidiaries	10	-	-	120,749,853	133,192,561
Property, plant and equipment	11	2,620,306,544	2,867,825,886	2,602,055,744	2,833,968,779
Equipment not used in operation	11	281	481	281	481
Goodwill	12	403,095,281	403,095,281	-	-
Other intangible assets	12	6,543,842	14,203,950	5,544,425	12,688,144
Deferred tax assets	13	13,936,660	19,678,758	-	-
Other non-current assets		3,050,597	3,364,948	2,269,802	2,503,695
<b>Total non-current assets</b>		<b>3,046,933,205</b>	<b>3,308,169,304</b>	<b>2,730,620,105</b>	<b>2,982,353,660</b>
<b>Total assets</b>		<b>11,206,738,487</b>	<b>12,024,471,643</b>	<b>10,910,916,783</b>	<b>11,529,701,067</b>

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

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March		31 March	
		2018	2017	2018	2017
		<i>(in Baht)</i>			
<b>Current liabilities</b>					
Trade accounts payable	4, 15	1,112,899,282	1,129,265,286	1,178,511,298	1,131,869,300
Other payables	16	614,500,782	389,709,314	589,279,042	376,622,032
Amount due to related parties	4	76,880,604	12,411,234	88,462,761	20,025,498
Short-term loan from related party	4, 14	-	61,665,679	-	-
Income tax payable		4,066,818	4,821,394	-	-
Other current liabilities	17	690,313,324	732,417,496	476,106,493	479,817,927
<b>Total current liabilities</b>		<b>2,498,660,810</b>	<b>2,330,290,403</b>	<b>2,332,359,594</b>	<b>2,008,334,757</b>
<b>Non-current liability</b>					
Non-current provisions for employee benefits	18	358,745,851	297,024,835	358,745,851	297,024,835
<b>Total non-current liability</b>		<b>358,745,851</b>	<b>297,024,835</b>	<b>358,745,851</b>	<b>297,024,835</b>
<b>Total liabilities</b>		<b>2,857,406,661</b>	<b>2,627,315,238</b>	<b>2,691,105,445</b>	<b>2,305,359,592</b>
<b>Equity</b>					
Share capital	19				
Authorised share capital		3,754,551,218	3,754,551,218	3,754,551,218	3,754,551,218
Issued and paid-up share capital		3,754,551,218	3,754,551,218	3,754,551,218	3,754,551,218
Additional paid-in capital	19				
Premium on ordinary shares		440,000	440,000	440,000	440,000
Retained earnings					
Appropriated					
Legal reserve	20	318,490,000	283,440,000	318,490,000	283,440,000
Unappropriated		4,638,504,469	5,125,777,093	4,441,250,872	4,826,704,187
Other components of equity	20	(362,653,861)	232,948,094	(294,920,752)	359,206,070
<b>Total equity</b>		<b>8,349,331,826</b>	<b>9,397,156,405</b>	<b>8,219,811,338</b>	<b>9,224,341,475</b>
<b>Total liabilities and equity</b>		<b>11,206,738,487</b>	<b>12,024,471,643</b>	<b>10,910,916,783</b>	<b>11,529,701,067</b>

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

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 March		For the year ended 31 March	
	Note	2018	2017	2018	2017
		(in Baht)			
<b>Revenues</b>					
Revenue from sale of goods	21, 26	12,544,623,091	13,542,479,624	12,272,553,515	13,248,678,104
Other income	4, 22	145,525,566	85,341,924	124,178,797	81,865,075
<b>Total revenues</b>		<b>12,690,148,657</b>	<b>13,627,821,548</b>	<b>12,396,732,312</b>	<b>13,330,543,179</b>
<b>Expenses</b>					
Cost of sale of goods	21	11,277,816,820	11,811,799,392	11,403,954,445	11,892,291,956
Distribution costs		87,337,581	90,814,756	23,440,280	37,447,741
Administrative expenses		645,576,893	725,837,983	204,544,944	255,267,479
Impairment losses on goodwill and other intangible assets	12	-	214,957,445	-	-
Impairment losses on investment in subsidiaries	10	-	-	-	379,243,200
Net foreign exchange loss		64,234,631	17,242,131	63,829,729	14,938,803
Finance costs		1,085,154	825,119	-	-
<b>Total expenses</b>		<b>12,076,051,079</b>	<b>12,861,476,826</b>	<b>11,695,769,398</b>	<b>12,579,189,179</b>
<b>Profit before income tax expense</b>		<b>614,097,578</b>	<b>766,344,722</b>	<b>700,962,914</b>	<b>751,354,000</b>
Income tax (expense) benefit	25	(14,953,973)	5,010,979	-	-
<b>Profit for the year</b>		<b>599,143,605</b>	<b>771,355,701</b>	<b>700,962,914</b>	<b>751,354,000</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasurement of defined benefit plans	18	(8,435,335)	7,079,942	(8,435,335)	7,079,942
		<b>(8,435,335)</b>	<b>7,079,942</b>	<b>(8,435,335)</b>	<b>7,079,942</b>
<i>Items that will be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		(595,601,955)	(167,253,335)	(654,126,822)	(228,898,613)
		<b>(595,601,955)</b>	<b>(167,253,335)</b>	<b>(654,126,822)</b>	<b>(228,898,613)</b>
<b>Other comprehensive income (expense) for the year, net of tax</b>		<b>(604,037,290)</b>	<b>(160,173,393)</b>	<b>(662,562,157)</b>	<b>(221,818,671)</b>
<b>Total comprehensive income (expense) for the year</b>		<b>(4,893,685)</b>	<b>611,182,308</b>	<b>38,400,757</b>	<b>529,535,329</b>
<b>Earnings per share</b>					
Basic earnings per share	27	0.29	0.37	0.34	0.36

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

## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

### Statement of changes in equity

	Consolidated financial statements					Total equity
	Note	Retained earnings				
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated (in Baht)	
			Currency translation differences	Total other components of equity		
<b>Year ended 31 March 2017</b>						
<b>Balance at 1 April 2016</b>		3,754,551,218	440,000	245,840,000	4,906,406,897	400,201,429
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the parent</i>						
Dividends	28	-	-	-	(521,465,447)	-
<b>Total distributions to owners of the parent</b>		-	-	-	<b>(521,465,447)</b>	-
<b>Comprehensive income for the year</b>						
Profit for the year		-	-	-	771,355,701	-
Other comprehensive income		-	-	-	7,079,942	(167,253,335)
<b>Total comprehensive income for the year</b>		-	-	-	<b>778,435,643</b>	<b>(167,253,335)</b>
Transfer to legal reserve	20	-	-	37,600,000	(37,600,000)	-
<b>Balance at 31 March 2017</b>		<b>3,754,551,218</b>	<b>440,000</b>	<b>283,440,000</b>	<b>5,125,777,093</b>	<b>232,948,094</b>
<b>Year ended 31 March 2018</b>						
<b>Balance at 1 April 2017</b>		3,754,551,218	440,000	283,440,000	5,125,777,093	232,948,094
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the parent</i>						
Dividends	28	-	-	-	(1,042,930,894)	-
<b>Total distributions to owners of the parent</b>		-	-	-	<b>(1,042,930,894)</b>	-
<b>Comprehensive income for the year</b>						
Profit for the year		-	-	-	599,143,605	-
Other comprehensive income		-	-	-	(8,435,335)	(595,601,955)
<b>Total comprehensive income for the year</b>		-	-	-	<b>590,708,270</b>	<b>(595,601,955)</b>
Transfer to legal reserve	20	-	-	35,050,000	(35,050,000)	-
<b>Balance at 31 March 2018</b>		<b>3,754,551,218</b>	<b>440,000</b>	<b>318,490,000</b>	<b>4,638,504,469</b>	<b>(362,653,861)</b>

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



## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

### Statement of changes in equity

	Note	Separate financial statements						Total equity
		Retained earnings		Other components of shareholders' equity				
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated (in Baht)	Currency translation differences	Total other components of equity	
<b>Year ended 31 March 2017</b>								
<b>Balance at 1 April 2016</b>		3,754,551,218	440,000	245,840,000	4,627,335,692	588,104,683	588,104,683	9,216,271,593
<b>Transactions with owners, recorded directly in equity</b>								
<i>Distributions to owners</i>								
Dividends	28	-	-	-	(521,465,447)	-	-	(521,465,447)
<b>Total distributions to owners</b>		-	-	-	<b>(521,465,447)</b>	-	-	<b>(521,465,447)</b>
<b>Comprehensive income for the year</b>								
Profit for the year		-	-	-	751,354,000	-	-	751,354,000
Other comprehensive income		-	-	-	7,079,942	(228,898,613)	(228,898,613)	(221,818,671)
<b>Total comprehensive income for the year</b>		-	-	-	<b>758,433,942</b>	<b>(228,898,613)</b>	<b>(228,898,613)</b>	<b>529,535,329</b>
Transfer to legal reserve	20	-	-	37,600,000	(37,600,000)	-	-	-
<b>Balance at 31 March 2017</b>		<b>3,754,551,218</b>	<b>440,000</b>	<b>283,440,000</b>	<b>4,826,704,187</b>	<b>359,206,070</b>	<b>359,206,070</b>	<b>9,224,341,475</b>
<b>Year ended 31 March 2018</b>								
<b>Balance at 1 April 2017</b>		3,754,551,218	440,000	283,440,000	4,826,704,187	359,206,070	359,206,070	9,224,341,475
<b>Transactions with owners, recorded directly in equity</b>								
<i>Distributions to owners</i>								
Dividends	28	-	-	-	(1,042,930,894)	-	-	(1,042,930,894)
<b>Total distributions to owners</b>		-	-	-	<b>(1,042,930,894)</b>	-	-	<b>(1,042,930,894)</b>
<b>Comprehensive income for the year</b>								
Profit for the year		-	-	-	700,962,914	-	-	700,962,914
Other comprehensive income		-	-	-	(8,435,335)	(654,126,822)	(654,126,822)	(662,562,157)
<b>Total comprehensive income for the year</b>		-	-	-	<b>692,527,579</b>	<b>(654,126,822)</b>	<b>(654,126,822)</b>	<b>38,400,757</b>
Transfer to legal reserve	20	-	-	35,050,000	(35,050,000)	-	-	-
<b>Balance at 31 March 2018</b>		<b>3,754,551,218</b>	<b>440,000</b>	<b>318,490,000</b>	<b>4,441,250,872</b>	<b>(294,920,752)</b>	<b>(294,920,752)</b>	<b>8,219,811,338</b>

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

## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

### Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 March		For the year ended 31 March	
		2018	2017	2018	2017
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit for the year		599,143,605	771,355,701	700,962,914	751,354,000
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Income tax expense (benefit)	25	14,953,973	(5,010,979)	-	-
Finance costs		1,085,154	825,119	-	-
Depreciation	11	1,020,771,887	1,369,781,362	1,013,612,809	1,343,611,822
Amortisation of intangible assets	12	23,484,506	37,320,593	23,087,974	17,746,526
Impairment losses on investments in subsidiaries	10	-	-	-	379,243,200
Impairment losses on property, plant and equipment	11	9,453,552	26,998,299	-	-
Impairment losses on goodwill and other intangible assets	12	-	214,957,445	-	-
Gains on disposal of equipment	22	(7,707,665)	(7,193,693)	(4,441,785)	(7,193,693)
Interest income	22	(59,540,851)	(34,733,819)	(60,180,164)	(33,825,186)
Unrealised losses on foreign exchange		28,487,040	5,328,447	26,569,533	7,608,958
Reversal of doubtful debt expenses	24	-	-	(104,296,777)	(48,446,616)
Allowance for inventory obsolescence (reversal of)	24	117,814,918	(40,602,431)	120,360,848	(50,149,968)
Allowance for lower of cost or net realisable value of inventories (reversal of)		(1,409,901)	1,867,889	(1,524,185)	1,867,889
Write-off of inventories		36,690,128	22,307,810	36,690,128	22,307,810
Provision for retirement benefits	18, 23	53,416,046	42,085,694	53,416,046	42,085,694
Provision for severance pay (reversal of)		(2,496,537)	4,440,337	-	-
		<u>1,834,145,855</u>	<u>2,409,727,774</u>	<u>1,804,257,341</u>	<u>2,426,210,436</u>
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable		136,613,653	(415,920,315)	221,797,023	(242,621,544)
Amount due from related parties		(63,394,831)	(23,204,448)	(68,698,403)	(24,052,231)
Inventories		342,199,833	66,709,679	313,687,072	73,759,088
Other current assets		(20,763,249)	24,566,064	(21,665,124)	23,140,603
Trade accounts payable		(15,230,179)	(7,441,679)	47,866,363	(110,803,650)
Other payables		(22,679,441)	(5,686,703)	(34,996,048)	(11,363,263)
Amount due to related parties		63,745,238	(1,078,887)	68,145,369	(4,995,621)
Other current liabilities		(63,292,860)	53,114,907	(21,405,887)	27,446,776
Employee benefits paid		(130,347)	-	(130,347)	-
Net cash generated from operating activities		<u>2,191,213,672</u>	<u>2,100,786,392</u>	<u>2,308,857,359</u>	<u>2,156,720,594</u>
Income tax paid		(12,410,513)	(6,833,063)	-	-
<b>Net cash from operating activities</b>		<u><b>2,178,803,159</b></u>	<u><b>2,093,953,329</b></u>	<u><b>2,308,857,359</b></u>	<u><b>2,156,720,594</b></u>

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

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Statement of cash flows

	Note	Consolidated financial statements For the year ended 31 March		Separate financial statements For the year ended 31 March	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Interest received		46,164,790	31,776,986	45,575,210	31,304,928
Increase (decrease) in current investments		1,416,646,167	(101,687,693)	1,442,370,000	(93,610,800)
Purchase of property, plant and equipment		(800,367,886)	(727,903,503)	(796,857,668)	(722,705,046)
Sale of property, plant and equipment		88,666,424	11,562,168	85,274,628	11,207,939
Purchase of intangible assets		(15,227,746)	(13,562,380)	(15,227,747)	(12,237,537)
Short-term loans to related parties		(2,498,544,000)	-	(2,654,703,000)	-
<b>Net cash used in investing activities</b>		<b>(1,762,662,251)</b>	<b>(799,814,422)</b>	<b>(1,893,568,577)</b>	<b>(786,040,516)</b>
<b><i>Cash flows from financing activities</i></b>					
Dividends paid to owners of the Company	28	(1,042,930,894)	(521,465,447)	(1,042,930,894)	(521,465,447)
Interest paid		(1,244,104)	(582,055)	-	-
Proceeds from short-term loan from related party		-	62,813,786	-	-
Repayment of short-term loan from related party		(55,963,276)	-	-	-
<b>Net cash used in financing activities</b>		<b>(1,100,138,274)</b>	<b>(459,233,716)</b>	<b>(1,042,930,894)</b>	<b>(521,465,447)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(683,997,366)</b>	<b>834,905,191</b>	<b>(627,642,112)</b>	<b>849,214,631</b>
Cash and cash equivalents at 1 April		1,984,762,827	1,183,392,490	1,890,589,242	1,094,019,323
Effect of exchange rate changes on balances held in foreign currencies		(419,019,008)	(33,534,854)	(484,297,317)	(52,644,712)
<b>Cash and cash equivalents at 31 March</b>	5	<b>881,746,453</b>	<b>1,984,762,827</b>	<b>778,649,813</b>	<b>1,890,589,242</b>

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

# **Magnecomp Precision Technology Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 March 2018**

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# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 March 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and 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 8 June 2018.

## 1 General information

Magnecomp Precision Technology Public Company Limited, the “Company” or “Magnecomp”, is incorporated in Thailand and has its registered office at 162 Moo 5, Phaholyothin Road, Tambol Lamsai, Amphur Wangnoi, Ayutthaya. It has 2 branches located at 1/25 Moo 5, Rojana Industrial Park, Rojana Road, Tambol Karnharm, Amphur U-Thai, Ayutthaya, and at 94 Moo 3, Phaholyothin Road, Tambol Lamsai, Amphur Wangnoi, Ayutthaya, respectively.

On 31 January 2008, the Company received an approval from the Stock Exchange of Thailand to delist the Company subject to the delisting requirements of the Securities and Exchange Commission. The delisting was effective from 20 May 2008.

The immediate and ultimate parent company during the financial year was TDK Corporation (99.88% shareholding), a limited company incorporated in Japan.

The principal business of the Company and its subsidiaries (together referred to as the “Group”) is the manufacturing of precision suspension assemblies for Hard Disk Drive (HDD). Details of the Company’s subsidiaries as at 31 March 2018 and 2017 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest	
			2018	2017
			(%)	
<b>Direct subsidiary</b>				
Acrathon Precision Technologies (HK) Limited	Holding / Trading	Hong Kong	100	100
<b>Indirect subsidiaries</b>				
Magnecomp Corporation	Research, Sales & Marketing	USA	100	100
Acrathon Precision Technologies (Dong guan) Co., Ltd.	Manufacturing	China	100	100
ECS-MPT (US) Corporation	Research, Sales & Marketing	USA	- (*)	100
EntroComponent Solutions Singapore Pte Ltd.	Manufacturing	Singapore	100	100

(\*) On 30 March 2018, ECS-MPT (US) Corporation registered for its dissolution with the Companies Registry in USA. It has been completely dissolved on this date.

**Magnecomp Precision Technology Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 March 2018**

**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”).

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. 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 in effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements.

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.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following item.

<i>Items</i>	<i>Measurement bases</i>
Other investments – mutual fund	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (l)

**(c) Functional and presentation currency**

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

The US Dollars functional currency statements of financial position as at 31 March 2018 and 2017, and statements of comprehensive income for the years ended 31 March 2018 and 2017 are disclosed in note 31.

**(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.

*Assumptions and estimation uncertainties*

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:

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements For the year ended 31 March 2018

Note 8	Allowance for inventories
Note 10	Allowance for impairment of investments in subsidiaries
Note 11	Impairment of property, plant and equipment
Note 12	Impairment of goodwill and other intangible assets: impairment test and key assumptions underlying recoverable amounts
Note 18	Measurement of defined benefit obligations: key actuarial assumptions

### *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.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Head of Finance.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses observable market 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).

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 entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in 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.

# **Magnecomp Precision Technology Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 March 2018**

### **(a) *Basis of consolidation***

The consolidated financial statements relate to the Company and its subsidiaries.

#### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

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 acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

#### *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.

#### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.



# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 March 2018

### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### *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.

## **(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 rates 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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates at transaction dates.

The revenues and expenses of foreign operations are translated to Thai Baht at the average rate of the foreign exchange rates in the month of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve in equity.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control 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 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.

# **Magnecomp Precision Technology Public Company Limited and its Subsidiaries**

## **Notes to the financial statements For the year ended 31 March 2018**

### **(c) *Cash and cash equivalents***

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

### **(d) *Trade and other accounts receivable***

Trade and other accounts receivable 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.

### **(e) *Inventories***

*Raw materials, work in progress and finished goods*

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

Cost is calculated using the first in first out 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.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

### **(f) *Investments***

*Investments in subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less any impairment losses.

*Investment in mutual fund*

Investment in mutual fund are stated at fair value which is determined as net asset value (NAV) at the reporting date.

*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.

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.

**Magnecomp Precision Technology Public Company Limited  
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**Notes to the financial statements**  
**For the year ended 31 March 2018**

**(g) Property, plant and equipment**

*Recognition and measurement*

Property, plant and equipment are measured 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.

Any 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 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:

Land improvements	10-20 years
Building and building improvements	7-20 years
Leasehold land & building and improvements	1 - 10 or over lease term years
Machinery and equipment	
- Machinery and equipment	2-5 years
- Tools and dies	1-3 years
Furniture, fixtures and office equipment	3-5 years
Motor vehicles	5 years

No depreciation is provided on freehold land, machinery in transit or assets under construction.

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

# Magnecomp Precision Technology Public Company Limited

## and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 March 2018

#### (h) *Goodwill and other intangible assets*

##### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is calculated at cost of combination over the fair value of the entity being acquired. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investees.

Goodwill arising on acquisition of shares in subsidiaries in the separate financial statements of the Company is included in investments.

##### *Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and 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, including expenditure on internally generated goodwill and brands, is 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, other than goodwill, 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:

Software license	3-5 years
Deferred expenditures	5 years
Intellectual property	3-5 years
Customer relationship	3-10 years

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

#### (i) *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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

# **Magnecomp Precision Technology Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 March 2018**

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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

### *Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's 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*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment loss recognised in prior periods in respect of other non-financial assets is 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.

### **(j) Interest-bearing liabilities**

Interest-bearing liabilities are recorded at cost.

### **(k) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

### **(l) 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 regularly by a qualified actuary using the projected unit credit method.

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements For the year ended 31 March 2018

Remeasurements of the defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the 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 defined benefit liability during the period as a result of contributions and benefit payments. 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.

### *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

### *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.

## **(m) 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. The unwinding of the discount is recognised as finance cost.

## **(n) Revenue**

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

### *Sale of goods and services rendered*

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. Service income is recognised as services are provided.

### *Interest income*

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

**Magnecomp Precision Technology Public Company Limited  
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**Notes to the financial statements**  
**For the year ended 31 March 2018**

**(o) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

**(p) 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.

**(q) 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 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.



# Magnecomp Precision Technology Public Company Limited

## and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 March 2018

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.

#### (r) *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.

#### (s) *Segment reporting*

Segment results that are reported to the Group's CEO (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/the Company if the Group/the Company 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/the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation</b>	<b>Nature of relationships</b>
TDK Corporation	Japan	Ultimate parent company, 1 director of the Company, is nominated by its parent company.
Acrathon Precision Technologies (HK) Limited	Hong Kong	Subsidiary, 100% shareholding
Acrathon Precision Technologies (Dong guan) Co., Ltd.	China	Subsidiary, 100% indirect shareholding
Magnecomp Corporation	The United States of America	Subsidiary, 100% indirect shareholding
ECS-MPT (US) Corporation	The United States of America	Subsidiary, 100% indirect shareholding (Dissolution on 30 March 2018)
EntroComponent Solutions Singapore Pte Ltd.	Singapore	Subsidiary, 100% indirect shareholding
TDK (Thailand) Co., Ltd.	Thailand	Related company, wholly-owned by TDK Corporation
TDK Hong Kong Co., Ltd.	Hong Kong	Related company, wholly-owned by TDK Corporation
TDK Philippines Co., Ltd.	Philippines	Related company, wholly-owned by TDK Corporation
TDK U.S.A. Corporation	The United States of America	Related company, wholly-owned by TDK Corporation



# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 March 2018

Name of entities	Country of incorporation	Nature of relationships
TDK Europe S.A.	Luxembourg	Related company, wholly-owned by TDK Corporation
TDK (Malaysia) SDN.BHD.	Malaysia	Related company, wholly-owned by TDK Corporation
TDK Taiwan Corporation	Taiwan	Related company, wholly-owned by TDK Corporation
SAE Magnetics (HK) Ltd.	Hong Kong	Related company, wholly-owned by TDK Corporation
SAE Technologies Development (Dong guan) Ltd.	China	Related company, wholly-owned by TDK Corporation
Hutchinson Technology Operations (Thailand) Co., Ltd.	Thailand	Related company, wholly-owned by TDK Corporation
Hutchinson Technology Inc.	The United States of America	Related company, wholly-owned by TDK Corporation
Headway Technologies Inc.	The United States of America	Related company, wholly-owned by TDK Corporation

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

Transactions	Pricing policies
Sales of goods	Market price
Purchase of goods/raw materials	Market price
Sales of property or other assets	Net book value plus margin
Purchase of property or other assets	Net book value plus margin
Service income	Contractually agreed price
Interest income	Market rates
Interest expense	Market rates
Royalty fee	Contractually agreed price
Management fees	Cost plus method
Rental and service expenses	Contractually agreed price
Other income	Contractually agreed price
Dividend paid	Declared rate

# Magnecomp Precision Technology Public Company Limited

## and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 March 2018

Significant transactions for the years 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>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Purchases of property or other assets	2,435	3,104	2,435	3,104
Management fees	26,594	15,394	21,166	15,394
Royalty fee	997	559	997	559
Dividend paid	1,041,677	520,838	1,041,677	520,838
<b>Subsidiaries</b>				
Sales of goods	-	-	927,016	1,271,906
Purchases of goods	-	-	625,124	710,626
Sales of property or other assets	-	-	20	37
Purchases of property or other assets	-	-	11,373	4,222
Service income	-	-	4,419	-
Interest income	-	-	1,245	-
<b>Other related parties</b>				
Sales of goods	1,252,856	1,466,909	193,408	41,503
Purchases of goods	303,141	261,522	303,141	146,869
Sales of property or other assets	1,782	23,836	-	23,836
Purchases of property or other assets	109,730	50,634	109,730	50,634
Service income	30,651	-	9,995	-
Rental and service expenses	3,707	5,203	2,654	3,769
Interest income	13,327	440	13,327	-
Interest expense	1,085	825	-	-
Other income	2,410	69	2,410	69

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

<i>Trade accounts receivable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Acrathon Precision Technologies (HK) Limited	-	-	741,015	819,329
<b>Other related parties</b>				
TDK Philippines Co., Ltd.	-	5,613	-	5,613
SAE Magnetics (HK) Ltd.	80,172	60,593	-	-
Hutchinson Technology Operations (Thailand) Co., Ltd.	224	1,039	-	646
Hutchinson Technology Inc.	10,951	2	4,083	-
	91,347	67,247	745,098	825,588
<i>Less allowance for doubtful accounts - Acrathon Precision Technologies (HK) Limited</i>	-	-	(506,257)	(630,656)
<b>Total</b>	<b>91,347</b>	<b>67,247</b>	<b>238,841</b>	<b>194,932</b>

**Magnecomp Precision Technology Public Company Limited  
and its Subsidiaries**  
Notes to the financial statements  
For the year ended 31 March 2018

<i>Amount due from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Acrathon Precision Technologies (HK) Limited	-	-	13,149	1,248
Magnecomp Corporation	-	-	2,897	3,187
EntroComponent Solutions Singapore Pte Ltd.	-	-	-	1,308
<b>Other related parties</b>				
TDK U.S.A Corporation	-	1,310	-	1,310
SAE Technologies Development (Dong guan) Ltd.	79	30	79	30
Hutchinson Technology Operations (Thailand) Co., Ltd.	94,204	18,917	94,204	18,917
Hutchinson Technology Inc.	6,967	1,972	3,792	2,101
SAE Magnetics (HK) Ltd.	10,313	9,544	-	-
<b>Total</b>	<b>111,563</b>	<b>31,773</b>	<b>114,121</b>	<b>28,101</b>

<i>Short-term loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate Financial statements</b>	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>						
Acrathon Precision Technologies (HK) Limited	2.0	-	-	-	156,159	-
<b>Other related parties</b>						
Hutchinson Technology Operations (Thailand) Co., Ltd.	2.0-2.7	-	1,561,590	-	1,561,590	-
TDK Europe S.A.	2.5-2.6	-	936,954	-	936,954	-
<b>Total</b>			<b>2,498,544</b>	<b>-</b>	<b>2,654,703</b>	<b>-</b>

Movement during the years ended 31 March of short-term loans to related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Short-term loans :</b>				
<b>Subsidiaries</b>				
At 1 April	-	-	-	-
Increase	-	-	156,159	-
<b>At 31 March</b>	<b>-</b>	<b>-</b>	<b>156,159</b>	<b>-</b>

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 March 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Other related parties</b>				
At 1 April	-	-	-	-
Increase	2,498,544	-	2,498,544	-
<b>At 31 March</b>	<b>2,498,544</b>	<b>-</b>	<b>2,498,544</b>	<b>-</b>
<b>Total short-term loans</b>				
At 1 April	-	-	-	-
Increase	2,498,544	-	2,654,703	-
<b>At 31 March</b>	<b>2,498,544</b>	<b>-</b>	<b>2,654,703</b>	<b>-</b>

The Company entered into short-term loans agreements with a subsidiary and related parties to provide short-term loans amounting to total of USD 85 million or equivalent Baht 2,654.7 million which bears interest rate at rate of six-months LIBOR plus 0.45 and 0.30, respectively. These short-term loans will be repayable in six-months from the drawdown date.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Trade accounts payable - related parties</b>				
<b>Subsidiaries</b>				
Acrathon Precision Technologies (HK) Limited	-	-	87,988	48,982
EntroComponent Solutions Singapore Pte Ltd.	-	-	3,545	2,985
<b>Other related parties</b>				
TDK U.S.A. Corporation	25	-	-	-
TDK (Thailand) Co., Ltd.	10,206	15,029	10,206	15,029
HutchinsonTechnology Operations (Thailand) Co., Ltd.	3,047	47	3,047	47
Hutchinson Technology Inc.	18,408	783	18,408	783
<b>Total</b>	<b>31,686</b>	<b>15,859</b>	<b>123,194</b>	<b>67,826</b>

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Amount due to related parties</b>				
<b>Parent</b>				
TDK Corporation	8,703	4,025	6,788	3,890
<b>Subsidiaries</b>				
Magnecomp Corporation	-	-	13,563	8,063
<b>Other related parties</b>				
TDK U.S.A Corporation	-	236	-	-
TDK (Malaysia) SDN.BHD.	39	32	39	32
SAE Technologies Development (Dong guan) Ltd.	549	7,627	549	7,627
SAE Magnetics (HK) Ltd.	141	491	75	413

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 March 2018

<i>Amount due to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Hutchinson Technology Operations (Thailand) Co., Ltd.	33,805	-	33,805	-
Hutchinson Technology Inc.	33,644	-	33,644	-
<b>Total</b>	<b>76,881</b>	<b>12,411</b>	<b>88,463</b>	<b>20,025</b>

<i>Short-term loan from related party</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate Financial statements</b>	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b>Short-term loan Other related party</b>						
TDK U.S.A. Corporation	-	1.40	-	61,666	-	-
<b>Total</b>			<b>-</b>	<b>61,666</b>	<b>-</b>	<b>-</b>

Movement during the years ended 31 March of short-term loan from a related party were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Short-term loan:</b>				
At 1 April	61,666	-	-	-
Increase (decrease)	(55,963)	62,814	-	-
Effect of movements in exchange rates	(5,703)	(1,148)	-	-
<b>At 31 March</b>	<b>-</b>	<b>61,666</b>	<b>-</b>	<b>-</b>

On 22 April 2016, the indirect subsidiary, ECS-MPT (US) Corporation, entered into a loan agreement with TDK U.S.A. Corporation to obtain short-term loan of USD 1.79 million. The loan has a maturity date at 31 March 2017 and it can be rolled over for further one year. This loan bears interest at an average one-month US treasury rate plus a margin. As at 31 March 2017, ECS-MPT (US) Corporation had outstanding loan of USD 1.79 million or approximately Baht 61.7 million. On 31 March 2017, this loan has been rolled over for another one year. This short-term loan is repaid on 29 March 2018.

### *Significant agreements with related parties*

#### *Service agreements*

The Company entered into a service agreement with TDK Corporation, a parent company, whereby the latter agrees to provide certain services in the area of research and development, product design, marketing and other services related to Hard Disk Drive (HDD) components in accordance with the terms of the agreement. Under the term of the agreement, the Company is committed to pay services fee as stipulated in the agreement. The agreement was effective from 1 April 2011 and will be for a period of a year from commencement date, and automatically renews for a period of a year terms on the same terms and conditions, unless either party notifies the other party in writing not less than thirty days that it wishes to terminate the agreement.

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements For the year ended 31 March 2018

The Company entered into service agreements with Acrathon Precision Technology (HK) Limited and Hutchinson Technology Operations (Thailand) Co., Ltd., a subsidiary and a related party, respectively, whereby the Company will provide services in the area of general management, business planning and coordination, human resource management, business advisory and treasury center in accordance with the terms of the agreements. In consideration thereof, the Company will receive services fee as stipulated in the agreements. The agreements were effective from 1 January 2018 to 31 March 2018 unless either party notifies the other party in writing not less than thirty days that it wishes to terminate the agreement.

### 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	604	949	152	152
Cash at banks - current accounts	9,338	11,196	214	(34)
Cash at banks - savings accounts	559,486	594,614	465,966	512,467
Fixed deposits - less than 3 months	312,318	1,378,004	312,318	1,378,004
<b>Total</b>	<b>881,746</b>	<b>1,984,763</b>	<b>778,650</b>	<b>1,890,589</b>

### 6 Other investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Fixed deposits				
- more than 3 months	624,636	2,067,006	624,636	2,067,006
Mutual fund	83,101	57,377	-	-
<b>Total</b>	<b>707,737</b>	<b>2,124,383</b>	<b>624,636</b>	<b>2,067,006</b>

### 7 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	91,347	67,247	745,098	825,588
Other parties		2,772,183	2,937,150	2,745,297	2,890,857
<b>Total</b>		<b>2,863,530</b>	<b>3,004,397</b>	<b>3,490,395</b>	<b>3,716,445</b>
Less allowance for doubtful accounts		-	(3,969)	(506,257)	(634,625)
<b>Net</b>		<b>2,863,530</b>	<b>3,000,428</b>	<b>2,984,138</b>	<b>3,081,820</b>

**Magnecomp Precision Technology Public Company Limited**  
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**Notes to the financial statements**  
**For the year ended 31 March 2018**

Aging analysis for trade accounts receivable were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	87,820	63,557	239,570	197,119
Overdue:				
Less than 3 months	3,527	3,690	251,664	321,318
3 - 6 months	-	-	186,362	304,698
Over 6 months	-	-	67,502	2,453
	<u>91,347</u>	<u>67,247</u>	<u>745,098</u>	<u>825,588</u>
<b>Other parties</b>				
Within credit terms	2,167,877	1,969,199	2,147,966	1,934,593
Overdue:				
Less than 3 months	604,306	963,847	597,331	952,296
3 - 6 months	-	135	-	-
Over 6 months	-	3,969	-	3,968
	<u>2,772,183</u>	<u>2,937,150</u>	<u>2,745,297</u>	<u>2,890,857</u>
	<u>2,863,530</u>	<u>3,004,397</u>	<u>3,490,395</u>	<u>3,716,445</u>
Less allowance for doubtful accounts	-	(3,969)	(506,257)	(634,625)
<b>Net</b>	<u>2,863,530</u>	<u>3,000,428</u>	<u>2,984,138</u>	<u>3,081,820</u>

**8 Inventories**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Raw materials	400,657	419,880	347,931	352,664
Work in progress	99,565	89,041	87,205	77,872
Finished goods	671,899	1,063,161	661,685	1,045,047
Spare parts	117,966	107,192	117,966	107,192
Goods in transit	54,629	43,364	48,911	31,301
<b>Total</b>	<u>1,344,716</u>	<u>1,722,638</u>	<u>1,263,698</u>	<u>1,614,076</u>
Less allowance for obsolescence	(321,005)	(210,623)	(291,533)	(175,348)
allowance for lower of cost or net realisable value of inventories	(4,961)	(5,434)	(4,885)	(5,434)
<b>Net</b>	<u>1,018,750</u>	<u>1,506,581</u>	<u>967,280</u>	<u>1,433,294</u>

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 March 2018

## 9 Other current assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Prepayment	36,580	24,248	23,767	16,645
Value added tax receivable	17,736	9,906	15,409	8,085
Deposit	8,134	6,093	3,768	1,772
Interest receivables	4,156	7,660	4,156	7,660
Other tax refundable	2,812	2,450	1,890	316
Others	8,516	18,018	7,779	12,060
<b>Total</b>	<b>77,934</b>	<b>68,375</b>	<b>56,769</b>	<b>46,538</b>

## 10 Investments in subsidiaries

	Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At cost	783,023	783,023
Effect of movements in exchange rates	(31,828)	45,579
<b>Total</b>	<b>751,195</b>	<b>828,602</b>
<i>Less</i> allowance for impairment	(645,739)	(645,739)
Effect of movements in exchange rates	15,294	(49,670)
<b>Net</b>	<b>120,750</b>	<b>133,193</b>

### *Impairment testing for investments in subsidiaries which contained of impairment indicators*

For the purposes of impairment testing for investments in subsidiaries, the Group determined the recoverable amount based on its value in use, determined by discounting the future cash flows to be generated from the continuing operations of each subsidiary by reference to three years of financial budgeted forecasts.

The assigned assumptions were from the management's assessment by considering the market demand and the future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were disclosed in note 12. The management's assessment of the "value in use" is judgemental in nature because its forecasted results is based on current economic situation while future economic outcomes is uncertain.

During 2017, as the result of impairment testing, the Company has recorded additional impairment losses on investments in indirect subsidiaries, EntroComponent Solutions Singapore Pte Ltd. and ECS-MPT (US) Corporation, in total amount of USD 12.00 million (Baht 379.24 million) in profit or loss for the year ended 31 March 2017.



**Magnecomp Precision Technology Public Company Limited  
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Notes to the financial statements  
For the year ended 31 March 2018

Investments in subsidiaries as at 31 March 2018 and 2017 were as follows:

	Ownership interest		Paid-up capital		Separate financial statements		Cost	
	2018	2017	2018	2017	2018	2017	2018	2017
		(%)	<i>(in thousand Baht)</i>					
<b>Direct subsidiary</b>								
Acrathon Precision Technologies (HK) Ltd.	100	100	379,788	379,788	783,023	783,023	783,023	783,023
Less allowance for impairment					(645,739)	(645,739)	(645,739)	(645,739)
					137,284	137,284	137,284	137,284
					(16,534)	(16,534)	(4,091)	(4,091)
					<b>120,750</b>	<b>120,750</b>	<b>133,193</b>	<b>133,193</b>

Effect of movements in exchange rates

**Net**

	Ownership interest		Paid-up capital		Cost	
	2018	2017	2018	2017	2018	2017
		(%)	<i>(in thousand)</i>			
<b>Indirect subsidiaries</b>						
Acrathon Precision Technologies (Dong guan) Co., Ltd.	100	100	USD 2,700	USD 2,700	-	-
Magnecomp Corporation	100	100	USD 50	USD 50	-	-
ECS-MPT (US) Corporation	-(*)	100	USD 1	USD 1	-	-
EntroComponent Solutions Singapore Pte Ltd.	100	100	SGD 10	SGD 10	-	-

(\*) On 30 March 2018, ECS-MPT (US) Corporation registered for its dissolution with the Companies Registry in USA. It has been completely dissolved on this date.

## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 March 2018

### 11 Property, plant and equipment

*Property, plant and equipment used in operations*

<i>Cost</i>	Consolidated financial statements <i>(in thousand Baht)</i>						Total
	Land	Building, building improvements and land improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Machinery in transit and assets under construction	
At 1 April 2016	224,377	2,713,198	13,825,640	502,769	11,677	190,798	17,468,459
Additions	-	30,700	267,725	22,437	5,308	405,160	731,330
Disposals / Write-off	-	-	(110,102)	(29,531)	(1,616)	-	(141,249)
Transfers	-	5,803	386,316	85	-	(392,204)	-
Effect of movements in exchange rates	(5,025)	(61,233)	(311,936)	(11,167)	(298)	(9,244)	(398,903)
<b>At 31 March 2017</b>	<b>219,352</b>	<b>2,688,468</b>	<b>14,057,643</b>	<b>484,593</b>	<b>15,071</b>	<b>194,510</b>	<b>17,659,637</b>
Additions	-	28,383	243,022	21,379	-	752,686	1,045,470
Disposals / Write-off	-	-	(205,059)	(8,784)	(1,535)	(381)	(215,759)
Transfers	-	-	470,615	255	1,241	(472,111)	-
Effect of movements in exchange rates	(20,492)	(251,631)	(1,314,701)	(45,283)	(1,424)	(19,025)	(1,652,556)
<b>At 31 March 2018</b>	<b>198,860</b>	<b>2,465,220</b>	<b>13,251,520</b>	<b>452,160</b>	<b>13,353</b>	<b>455,679</b>	<b>16,836,792</b>

## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 March 2018

		Consolidated financial statements						
		Land	Building, building improvements and land improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Motor vehicles	Machinery in transit and assets under construction	Total
<b>Depreciation</b>								
At 1 April 2016		-	(1,848,872)	(11,291,662)	(390,675)	(8,150)	-	(13,539,359)
Depreciation charge for the year		-	(221,422)	(1,101,597)	(43,932)	(2,830)	-	(1,369,781)
Disposals / Write-off		-	160	87,173	29,402	1,262	-	117,997
Transfers		-	-	(54)	54	-	-	-
Effect of movements in exchange rates		-	30,965	220,809	6,579	182	-	258,535
<b>At 31 March 2017 and 1 April 2017</b>		-	<b>(2,039,169)</b>	<b>(12,085,331)</b>	<b>(398,572)</b>	<b>(9,536)</b>	-	<b>(14,532,608)</b>
Depreciation charge for the year		-	(166,142)	(815,936)	(36,858)	(1,836)	-	(1,020,772)
Disposals / Write-off		-	-	129,789	8,537	1,535	-	139,861
Transfers		-	-	(108)	108	-	-	-
Effect of movements in exchange rates		-	198,984	1,194,551	39,622	1,073	-	1,434,230
<b>At 31 March 2018</b>		-	<b>(2,006,327)</b>	<b>(11,577,035)</b>	<b>(387,163)</b>	<b>(8,764)</b>	-	<b>(13,979,289)</b>

## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 March 2018

	Consolidated financial statements (in thousand Baht)						Total
	Land	Building, building improvements and land improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Machinery in transit and assets under construction	
<b>Impairment losses</b>							
At 1 April 2016	-	-	(239,819)	-	-	-	(239,819)
Impairment losses (note 12)	-	(94)	(25,271)	(548)	-	(1,086)	(26,999)
Disposals / Write-off	-	-	1,900	-	-	-	1,900
Effect of movements in exchange rates	-	1	5,693	7	-	14	5,715
<b>At 31 March 2017 and 1 April 2017</b>	-	(93)	(257,497)	(541)	-	(1,072)	(259,203)
Impairment losses	-	-	(9,454)	-	-	-	(9,454)
Disposals / Write-off	-	-	6,839	51	-	-	6,890
Effect of movements in exchange rates	-	9	24,413	48	-	100	24,570
<b>At 31 March 2018</b>	-	(84)	(235,699)	(442)	-	(972)	(237,197)
<b>Net book value</b>							
At 1 April 2016	224,377	864,326	2,294,159	112,094	3,527	190,798	3,689,281
At 31 March 2017 and 1 April 2017	219,352	649,206	1,714,815	85,480	5,535	193,438	2,867,826
At 31 March 2018	198,860	458,809	1,438,786	64,555	4,589	454,707	2,620,306

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 March 2018 amounted to Baht 12,029 million (2017: Baht 11,259 million).

## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 March 2018

		Separate financial statements (in thousand Baht)						
		Land	Building, building improvements and land improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Machinery in transit and assets under construction	Total
<b>Cost</b>								
At 1 April 2016		224,377	2,692,585	13,526,212	490,686	4,046	189,319	17,127,225
Additions		-	30,757	265,675	22,272	5,308	401,965	725,977
Disposals / Write-off		-	-	(110,102)	(29,531)	-	-	(139,633)
Transfers		-	5,746	383,062	(86)	-	(388,722)	-
Effect of movements in exchange rates		(5,025)	(60,664)	(304,767)	(10,888)	(151)	(9,124)	(390,619)
<b>At 31 March 2017 and 1 April 2017</b>		<b>219,352</b>	<b>2,668,424</b>	<b>13,760,080</b>	<b>472,453</b>	<b>9,203</b>	<b>193,438</b>	<b>17,322,950</b>
Additions		-	28,383	243,022	21,379	-	749,282	1,042,066
Disposals / Write-off		-	-	(197,984)	(8,247)	-	(381)	(206,612)
Transfers		-	-	469,973	(151)	-	(469,822)	-
Effect of movements in exchange rates		(20,492)	(249,311)	(1,285,502)	(44,150)	(860)	(18,852)	(1,619,167)
<b>At 31 March 2018</b>		<b>198,860</b>	<b>2,447,496</b>	<b>12,989,589</b>	<b>441,284</b>	<b>8,343</b>	<b>453,665</b>	<b>16,539,237</b>
<b>Depreciation</b>								
At 1 April 2016		-	(1,840,442)	(11,071,765)	(383,895)	(2,860)	-	(13,298,962)
Depreciation charge for the year		-	(219,544)	(1,081,015)	(41,549)	(1,504)	-	(1,343,612)
Disposals / Write-off		-	160	87,173	29,402	-	-	116,735
Transfers		-	-	(54)	54	-	-	-
Effect of movements in exchange rates		-	30,631	215,045	6,372	54	-	252,102
<b>At 31 March 2017 and 1 April 2017</b>		-	<b>(2,029,195)</b>	<b>(11,850,616)</b>	<b>(389,616)</b>	<b>(4,310)</b>	-	<b>(14,273,737)</b>
Depreciation charge for the year		-	(164,446)	(812,357)	(35,515)	(1,294)	-	(1,013,612)
Disposals / Write-off		-	-	126,276	8,050	-	-	134,326
Transfers		-	-	(108)	108	-	-	-
Effect of movements in exchange rates		-	197,512	1,170,822	38,702	537	-	1,407,573
<b>At 31 March 2018</b>		-	<b>(1,996,129)</b>	<b>(11,365,983)</b>	<b>(378,271)</b>	<b>(5,067)</b>	-	<b>(13,745,450)</b>

## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
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	Separate financial statements						Total
	Land	Building, building improvements and land improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Motor vehicles	Machinery in transit and assets under construction	
<b>Impairment losses</b>							
At 1 April 2016	-	-	(222,118)	-	-	-	(222,118)
Reversal of impairment losses	-	-	1,900	-	-	-	1,900
Effect of movements in exchange rates	-	-	4,974	-	-	-	4,974
<b>At 31 March 2017 and 1 April 2017</b>	-	-	<b>(215,244)</b>	-	-	-	<b>(215,244)</b>
Reversal of impairment losses	-	-	3,405	-	-	-	3,405
Effect of movements in exchange rates	-	-	20,108	-	-	-	20,108
<b>At 31 March 2018</b>	-	-	<b>(191,731)</b>	-	-	-	<b>(191,731)</b>
<b>Net book value</b>							
At 1 April 2016	<b>224,377</b>	<b>852,143</b>	<b>2,232,329</b>	<b>106,791</b>	<b>1,186</b>	<b>189,319</b>	<b>3,606,145</b>
At 31 March 2017 and 1 April 2017	<b>219,352</b>	<b>639,229</b>	<b>1,694,220</b>	<b>82,837</b>	<b>4,893</b>	<b>193,438</b>	<b>2,833,969</b>
<b>At 31 March 2018</b>	<b>198,860</b>	<b>451,367</b>	<b>1,431,875</b>	<b>63,013</b>	<b>3,276</b>	<b>453,665</b>	<b>2,602,056</b>

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 March 2018 amounted to Baht 11,915 million (2017: Baht 11,132 million).

## Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
For the year ended 31 March 2018

*Machine and equipment not used in operations*

	<b>Consolidated/ Separate financial statements</b>			
	Machinery and equipment	Tools and dies ( <i>in thousand Baht</i> )	Furniture, fixtures and office equipment	Total
<b>Cost</b>				
At 1 April 2016	321,163	2,190	913	324,266
Disposals/Transfer out	(8,389)	-	-	(8,389)
Effect of movements in exchange rates	(7,191)	(49)	(20)	(7,260)
<b>At 31 March 2017 and 1 April 2017</b>	<b>305,583</b>	<b>2,141</b>	<b>893</b>	<b>308,617</b>
Disposals/Transfer out	(3,356)	-	(13)	(3,369)
Effect of movements in exchange rates	(28,548)	(201)	(83)	(28,832)
<b>At 31 March 2018</b>	<b>273,679</b>	<b>1,940</b>	<b>797</b>	<b>276,416</b>
<b>Depreciation</b>				
At 1 April 2016	(203,919)	(342)	(754)	(205,015)
Disposals/Transfer out	6,624	-	-	6,624
Effect of movements in exchange rates	4,566	8	17	4,591
<b>At 31 March 2017 and 1 April 2017</b>	<b>(192,729)</b>	<b>(334)</b>	<b>(737)</b>	<b>(193,800)</b>
Disposals/Transfer out	2,654	-	4	2,658
Effect of movements in exchange rates	18,004	32	68	18,104
<b>At 31 March 2018</b>	<b>(172,071)</b>	<b>(302)</b>	<b>(665)</b>	<b>(173,038)</b>

## Magnecomp Precision Technology Public Company Limited

### and its Subsidiaries

#### Notes to the financial statements

#### For the year ended 31 March 2018

	Consolidated/ Separate financial statements			
	Machinery and equipment	Tools and dies (in thousand Baht)	Furniture, fixtures and office equipment	Total
<b>Impairment losses</b>				
At 1 April 2016	(117,243)	(1,848)	(159)	(119,250)
Disposals/Transfer out	1,765	-	-	1,765
Effect of movements in exchange rates	2,625	41	3	2,669
<b>At 31 March 2017 and 1 April 2017</b>	<b>(112,853)</b>	<b>(1,807)</b>	<b>(156)</b>	<b>(114,816)</b>
Disposals/Transfer out	702	-	8	710
Effect of movements in exchange rates	10,543	169	16	10,728
<b>At 31 March 2018</b>	<b>(101,608)</b>	<b>(1,638)</b>	<b>(132)</b>	<b>(103,378)</b>
<b>Net book value</b>				
At 1 April 2016	<b>1</b>	-	-	<b>1</b>
At 31 March 2017 and 1 April 2017	<b>1</b>	-	-	<b>1</b>
At 31 March 2018	-	-	-	-

The Company and its subsidiaries review assets not used in operation each quarter, and make provisions for those which are not expected to return to production in a reasonable period of time. As at 31 March 2018, the Company has machinery and equipment which are not used in operation with net book value before impairment provision of approximately Baht 103 million in the consolidated and separate financial statements (2017: Baht 115 million).



## Magnecomp Precision Technology Public Company Limited

### and its Subsidiaries

Notes to the financial statements  
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#### 12 Goodwill and other intangible assets

	Goodwill	Consolidated financial statements Other intangible assets					Total
		Deferred expenditures	Intellectual property (in thousand Baht)	Software license	Customer relationship		
<b>Cost</b>							
At 1 April 2016	650,366	37,256	41,753	152,510	153,672	385,191	
Additions	-	-	-	13,562	-	13,562	
Write-off	-	-	-	(7,249)	-	(7,249)	
Effect of movements in exchange rates	-	(834)	(935)	(3,458)	-	(5,227)	
<b>At 31 March 2017 and 1 April 2017</b>	<b>650,366</b>	<b>36,422</b>	<b>40,818</b>	<b>155,365</b>	<b>153,672</b>	<b>386,277</b>	
Additions	-	-	-	15,228	-	15,228	
Write-off	(75,042)	-	-	(10,618)	-	(10,618)	
Effect of movements in exchange rates	-	(3,403)	(3,813)	(14,517)	-	(21,733)	
<b>At 31 March 2018</b>	<b>575,324</b>	<b>33,019</b>	<b>37,005</b>	<b>145,458</b>	<b>153,672</b>	<b>369,154</b>	

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

Notes to the financial statements  
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	Consolidated financial statements					
	Goodwill	Deferred expenditures	Intellectual property	Software license (in thousand Baht)	Customer relationship	Total
<b>Amortisation</b>						
At 1 April 2016	-	(7,452)	(27,280)	(142,429)	(96,216)	(273,377)
Amortisation charge for the year	-	-	(6,060)	(12,108)	(19,152)	(37,320)
Write-off	-	-	-	7,249	-	7,249
Effect of movements in exchange rates	-	167	274	3,291	-	3,732
<b>At 31 March 2017</b>						
and 1 April 2017	-	(7,285)	(33,066)	(143,997)	(115,368)	(299,716)
Amortisation charge for the year	-	-	(3,221)	(20,263)	-	(23,484)
Write off	-	-	-	10,618	-	10,618
Effect of movements in exchange rates	-	681	3,241	15,226	-	19,148
<b>At 31 March 2018</b>						
	-	(6,604)	(33,046)	(138,416)	(115,368)	(293,434)
<b>Impairment losses</b>						
At 1 April 2016	(71,942)	(29,804)	(3,340)	(351)	-	(33,495)
Impairment losses	(175,328)	-	-	(1,325)	(38,304)	(39,629)
Effect of movements in exchange rates	-	667	75	25	-	767
<b>At 31 March 2017</b>						
and 1 April 2017	(247,270)	(29,137)	(3,265)	(1,651)	(38,304)	(72,357)
Write-off	75,042	-	-	-	-	-
Effect of movements in exchange rates	-	2,722	305	154	-	3,181
<b>At 31 March 2018</b>						
	(172,228)	(26,415)	(2,960)	(1,497)	(38,304)	(69,176)
<b>Net book value</b>						
At 1 April 2016	578,424	-	11,133	9,730	57,456	78,319
At 31 March 2017 and 1 April 2017	403,096	-	4,487	9,717	-	14,204
At 31 March 2018	403,096	-	999	5,545	-	6,544

**Magnecomp Precision Technology Public Company Limited**  
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**Notes to the financial statements**  
**For the year ended 31 March 2018**

	<b>Separate financial statements</b>		
	<b>Other intangible assets</b>		
	Intellectual property	Software license <i>(in thousand Baht)</i>	Total
<b><i>Cost</i></b>			
At 1 April 2016	34,762	151,945	186,707
Additions	-	12,237	12,237
Disposal / Write-off	-	(7,249)	(7,249)
Effect of movements in exchange rates	(778)	(3,428)	(4,206)
<b>At 31 March 2017 and 1 April 2017</b>	<b>33,984</b>	<b>153,505</b>	<b>187,489</b>
Additions	-	15,228	15,228
Disposal / Write-off	-	(10,618)	(10,618)
Effect of movements in exchange rates	(3,175)	(14,342)	(17,517)
<b>At 31 March 2018</b>	<b>30,809</b>	<b>143,773</b>	<b>174,582</b>
<b><i>Amortisation</i></b>			
At 1 April 2016	(25,601)	(141,864)	(167,465)
Amortisation charge for the year	(5,638)	(12,108)	(17,746)
Disposal / Write-off	-	7,249	7,249
Effect of movements in exchange rates	228	3,278	3,506
<b>At 31 March 2017 and 1 April 2017</b>	<b>(31,011)</b>	<b>(143,445)</b>	<b>(174,456)</b>
Amortisation charge for the year	(2,825)	(20,264)	(23,089)
Disposal / Write-off	-	10,618	10,618
Effect of movements in exchange rates	3,027	15,175	18,202
<b>At 31 March 2018</b>	<b>(30,809)</b>	<b>(137,916)</b>	<b>(168,725)</b>
<b><i>Impairment losses</i></b>			
At 1 April 2016	-	(353)	(353)
Effect of movements in exchange rates	-	8	8
<b>At 31 March 2017 and 1 April 2017</b>	<b>-</b>	<b>(345)</b>	<b>(345)</b>
Effect of movements in exchange rates	-	32	32
<b>At 31 March 2018</b>	<b>-</b>	<b>(313)</b>	<b>(313)</b>
<b><i>Net book value</i></b>			
<b>At 1 April 2016</b>	<b>9,161</b>	<b>9,728</b>	<b>18,889</b>
<b>At 31 March 2017 and 1 April 2017</b>	<b>2,973</b>	<b>9,715</b>	<b>12,688</b>
<b>At 31 March 2018</b>	<b>-</b>	<b>5,544</b>	<b>5,544</b>

Goodwill arising from the acquisition of Acrathon Precision Technologies (HK) Limited, and indirect interests in EntroComponent Solutions Singapore Pte Ltd. and ECS-MPT (US) Corporation, which were at cost of Baht 475.04 million, Baht 100.29 million and Baht 75.04 million, respectively. The Group has reviewed for impairment of goodwill annually.

***Impairment testing for cash generating units containing goodwill***

The recoverable amount of cash generating unit (“CGU”) containing goodwill was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of each CGU.

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The key assumptions used in the estimation of the value in use for each CGU were as follows:

	Acrathon Precision Technologies (HK) Limited		ECS-MPT (US) Corporation		EntroComponent Solutions Singapore Pte Ltd.	
	2018	2017	2018	2017	2018	2017
				(%)		
Discount rate	7.0	8.0	-	6.2	-	6.2
Terminal value growth rate	0.0	0.0	-	0.0	-	0.0
Budgeted EBITDA growth rate (average of next three years)	7.4	3.9	-	(4.8)	-	(63.7)

*Discount rate*

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as cost of debt and cost of equity.

*Terminal value growth rate*

Terminal value growth rates were determined based on average growth rates of historical earnings before interest, tax, depreciation and amortisation (“EBITDA”).

*Budgeted EBITDA growth rate*

Budgeted EBITDA growth rates were based on projections of future benefits taking into account the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimated sale growth.

Based on the results of the impairment testing for each CGU, the Group has recorded impairment losses for certain CGUs which its estimated recoverable amount was lower than its carrying value. The impairment losses on goodwill, other intangible assets, and property, plant and equipment were recognised in total amount of Baht 175.33 million, Baht 39.63 million, and Baht 26.99 million, respectively, in the consolidated statement of comprehensive income for the year ended 31 March 2017. Therefore, as at 31 March 2017, goodwill arising from the acquisition of indirect interests in EntroComponent Solutions Singapore Pte Ltd. and ECS-MPT (US) Corporation, which were at cost of Baht 100.29 million and Baht 75.04 million, respectively, were fully impaired.

On 30 March 2018, ECS-MPT (US) Corporation registered for its dissolution with the Companies Registry in USA. It has been completely dissolved on this date. Consequently, the Group has disposed goodwill related to this CGU at cost in amount of Baht 75.04 million, and allowance for impairment losses of Baht 75.04 million.

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## 13 Deferred tax

Movements in total deferred tax assets and liabilities during the years were as follows:

	Consolidated financial statements (Charged) / Credited to			At 31 March 2018
	At 1 April 2017	Profit or loss (note 25) <i>(in thousand Baht)</i>	Exchange differences	
<b>Deferred tax assets</b>				
Property, plant and equipment	8,232	(696)	(731)	6,805
Inventories	2,571	481	(267)	2,785
Provisions	8,876	(3,916)	(613)	4,347
<b>Total</b>	<b>19,679</b>	<b>(4,131)</b>	<b>(1,611)</b>	<b>13,937</b>

	Consolidated financial statements (Charged) / Credited to			At 31 March 2017
	At 1 April 2016	Profit or loss (note 25) <i>(in thousand Baht)</i>	Exchange differences	
<b>Deferred tax assets</b>				
Property, plant and equipment	8,012	399	(179)	8,232
Inventories	2,608	21	(58)	2,571
Provisions	5,733	3,309	(166)	8,876
<b>Total</b>	<b>16,353</b>	<b>3,729</b>	<b>(403)</b>	<b>19,679</b>

<b>Deferred tax liabilities</b>				
Customer relationship	(9,768)	9,768	-	-
<b>Total</b>	<b>(9,768)</b>	<b>9,768</b>	<b>-</b>	<b>-</b>

## 14 Interest-bearing liabilities

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Current</b>					
Short-term loan from related party unsecured	4	-	61,666	-	-
<b>Total</b>		<b>-</b>	<b>61,666</b>	<b>-</b>	<b>-</b>

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**15 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	31,686	15,859	123,194	67,826
Other parties		1,081,213	1,113,406	1,055,317	1,064,043
<b>Total</b>		<b>1,112,899</b>	<b>1,129,265</b>	<b>1,178,511</b>	<b>1,131,869</b>

**16 Other payables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Fixed assets payable		430,929	185,826	430,824	185,615
Others		183,572	203,883	158,455	191,007
<b>Total</b>		<b>614,501</b>	<b>389,709</b>	<b>589,279</b>	<b>376,622</b>

**17 Other current liabilities**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Accrued expenses		566,084	632,125	449,784	456,132
Provision for severance pay		14,806	18,765	-	-
Advance received		23,485	13,166	23,485	13,166
Others		85,938	68,361	2,837	10,520
<b>Total</b>		<b>690,313</b>	<b>732,417</b>	<b>476,106</b>	<b>479,818</b>

**18 Non-current provisions for employee benefits**

The Company operates a defined benefit pension plan 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, currency risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations:

	<b>Consolidated/ Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 April	297,025	262,019
Current service costs and interest	53,416	42,086
Actuarial (gains) losses in other comprehensive income	8,435	(7,080)
Benefits paid	(130)	-
<b>At 31 March</b>	<b>358,746</b>	<b>297,025</b>

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Expenses recognised in profit or loss (*note 23*)

	<b>Consolidated/ Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
Current service costs	44,715	33,402
Interest on obligation	8,701	8,684
<b>Total</b>	<b>53,416</b>	<b>42,086</b>

Actuarial gains (losses) recognised in other comprehensive income

	<b>Consolidated/ Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
Included in retained earnings:		
At 1 April	(25,844)	(32,924)
Actuarial gains (losses)	(8,435)	7,080
<b>At 31 March</b>	<b>(34,279)</b>	<b>(25,844)</b>

Actuarial gains (losses) recognised in other comprehensive income arising from:

	<b>Consolidated/ Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
Demographic assumptions	(1,739)	36,309
Financial assumptions	8,508	(29,229)
Experience adjustment	(15,204)	-
<b>Total</b>	<b>(8,435)</b>	<b>7,080</b>

***Actuarial assumptions***

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

	<b>Consolidated/ Separate financial statements</b>	
	2018	2017
	<i>(%)</i>	
Discount rate	3.19	3.47
Future salary growth	4.40-5.50	4.07-5.30

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

At 31 March 2018, the weighted-average duration of the defined benefit obligation was 14 years (2017: 15 years).

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## Notes to the financial statements

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### *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>At 31 March 2018</b>	<b>Consolidated/ Separate financial statements</b> Increase (decrease) <i>(in thousand Baht)</i>
Discount rate	
1% move up	(39,557)
1% move down	47,044
Future salary growth	
1% move up	47,292
1% move down	(40,516)
<b>At 31 March 2017</b>	<b>Consolidated/ Separate financial statements</b> Increase (decrease) <i>(in thousand Baht)</i>
Discount rate	
1% move up	(30,667)
1% move down	36,518
Future salary growth	
1% move up	36,534
1% move down	(31,248)

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 <i>(in Baht)</i>	2018		2017	
		Number	Amount <i>(thousand shares/in thousand Baht)</i>	Number	Amount
<b>Authorised</b>					
At 1 April					
- ordinary shares	1.8	2,085,862	3,754,551	2,085,862	3,754,551
<b>At 31 March</b>					
- ordinary shares	1.8	<b>2,085,862</b>	<b>3,754,551</b>	<b>2,085,862</b>	<b>3,754,551</b>
<b>Issued and paid-up</b>					
At 1 April					
- ordinary shares	1.8	2,085,862	3,754,551	2,085,862	3,754,551
<b>At 31 March</b>					
- ordinary shares	1.8	<b>2,085,862</b>	<b>3,754,551</b>	<b>2,085,862</b>	<b>3,754,551</b>

### **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.



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### **20 Reserves**

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

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.

#### ***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 functional financial statements of the Group and the Company to its presentation currency.

### **21 Segment information**

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

#### ***Geographic segments***

In presenting information on the basis of geographical segments, segments are based on the geographical location of the assets.



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**22 Other income**

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Interest income		59,541	34,734	60,180	33,825
Scrap sales		44,652	40,776	44,215	40,468
Service income	4	30,651	-	14,414	-
Gain on disposal of equipment		7,708	7,194	4,442	7,194
Others		2,974	2,638	928	378
<b>Total</b>		<b>145,526</b>	<b>85,342</b>	<b>124,179</b>	<b>81,865</b>

**23 Employee benefit expenses**

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Wages, salaries and bonus		2,192,922	2,165,162	1,847,817	1,797,449
Defined contribution plans		78,759	78,882	55,270	52,925
Defined benefit plans	18	53,416	42,086	53,416	42,086
Others		518,057	484,033	405,175	324,664
<b>Total</b>		<b>2,843,154</b>	<b>2,770,163</b>	<b>2,361,678</b>	<b>2,217,124</b>

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates of 3% or 5% of their basic salaries and by the Company at rates of 3% or 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed fund manager.

The defined contribution plans of the Company's subsidiaries in Hong Kong are mandatory plans required by the laws of Hong Kong. Both the subsidiaries and their employees are each required to contribute 5% of the basic salary of employees, subject to a maximum salary of HKD 30,000 (2017: HKD 30,000) per month. The provident funds are managed by licensed fund managers.

The defined contribution plans of the Company's subsidiary in the United States of America are plans required by the laws of the United States of America. Employees can contribute 1% to 20% of their eligible pay (on a pre-tax basis) up to USD 12,000 per year. The subsidiary contributes a matching contribution of USD 0.50 per USD 1.00 on the first 4% of the eligible pay. In addition, starting from 1 January 2007, the subsidiary adopted the Safe Harbor Plan, in which employees can contribute 1% to 20% of their eligible pay (on a pre-tax basis) up to USD 15,500 per year. The subsidiary contributes a matching contribution of USD 1.00 per USD 1.00 on a first 3% and USD 0.50 per USD 1.00 of the next 2% of the eligible pay.

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

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## 24 Expenses by nature

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Changes in inventories of finished goods and work in progress		(48,368)	(48,368)	(28,073)	(28,073)
Raw materials and consumables used		6,606,168	6,923,308	6,995,465	7,380,635
Loss on provision for obsolete Inventories (reversal of)		117,815	(40,602)	120,361	(50,150)
Employee benefit expenses	23	2,843,154	2,770,163	2,361,678	2,217,124
Depreciation and amortisation expenses		1,044,256	1,407,101	1,036,701	1,361,358
Repair and maintenance		333,308	372,245	294,553	328,993
Labor subcontract service		290,193	365,739	331,613	407,429
Utility expenses		263,934	269,466	234,666	232,684
Travelling expense		214,478	204,727	192,319	183,467
Customs charge and import/export declaration		16,842	38,442	17,706	20,970
Distribution expense		28,416	37,725	21,032	32,242
Professional fees		155,246	176,571	94,349	97,596
Rental expenses		49,815	62,551	6,032	5,996
Office expenses		17,522	17,914	15,735	15,151
Communication		11,615	11,850	5,528	6,019
Impairment losses on investment in subsidiaries	10	-	-	-	379,243
Impairment losses on goodwill and other intangible assets	12	-	214,957	-	-
Impairment losses on property, plant and equipment	11	9,454	26,999	-	-
Reversal of bad and doubtful debt		-	-	(104,297)	(48,447)
Net foreign exchange loss		64,235	17,242	63,830	14,939
Others		56,883	32,622	36,571	22,013
<b>Total</b>		<b>12,074,966</b>	<b>12,860,652</b>	<b>11,695,769</b>	<b>12,579,189</b>

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**25 Income tax**

*Income tax recognised in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current year		(15,131)	(8,424)	-	-
(Under) over provided in prior years		4,308	(62)	-	-
		<u>(10,823)</u>	<u>(8,486)</u>	<u>-</u>	<u>-</u>
<b>Deferred tax expense</b>					
Movement in temporary differences	13	(4,131)	13,497	-	-
<b>Total</b>		<u>(14,954)</u>	<u>5,011</u>	<u>-</u>	<u>-</u>

*Reconciliation of effective tax rate*

	Consolidated financial statements			
	Rate (%)	2018 <i>(in thousand Baht)</i>	Rate (%)	2017 <i>(in thousand Baht)</i>
Profit before income tax expense		614,098		766,345
Applicable tax rate 20% in local, 16.5% in Hong Kong, 17% in Singapore, 34% in USA and 25% in China		(164,097)		(174,175)
Expenses not deductible for tax purposes and profits not taxable under promotional privileges, net		144,835		179,248
(Under) over provided in prior years		4,308		(62)
<b>Total</b>	<b>(2.44)</b>	<b>(14,954)</b>	<b>0.65</b>	<b>5,011</b>

*Reconciliation of effective tax rate*

	Separate financial statements			
	Rate (%)	2018 <i>(in thousand Baht)</i>	Rate (%)	2017 <i>(in thousand Baht)</i>
Profit before income tax expense		700,963		751,354
Applicable Thai corporation tax rate	20	(140,193)	20	(150,271)
Expenses not deductible for tax purposes and profits not taxable under promotional privileges, net		140,193		150,271
<b>Total</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>

*Income tax reduction in Thailand*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

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**26 Promotional privileges**

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to its manufacturing of precision suspension assemblies for Hard Disk Drive (HDD) as follows:

Certificate No.	Approving date	Commencing date of earnings	No. a	The privileges				
				No. b	No. c	No. d	No. e	No. f
1616(2)/2549	24 May 2006	2 October 2006	✓	6 Years (expired)	✓	✓	✓	-
2006/ธ./2549	14 August 1991	26 August 1992	✓	5 Years (expired)	✓	✓	✓	-
2007(2)/ธ./2549	23 June 1996	28 January 1998	✓	7 Years (expired)	✓	✓	✓	-
2010(2)/ธ./2549	23 January 2006	1 April 2006	✓	Transfer to No.5077(2)/2555	✓	✓	✓	-
1177(1)/2553	5 January 2010	10 May 2010	✓	8 Years	✓	✓	✓	✓
2346(1)/2553	19 October 2010	25 April 2011	✓	8 Years	✓	✓	✓	✓
2548(1)/2554	22 November 2011	6 April 2012	✓	8 Years	✓	✓	✓	✓
5077(2)/2555	10 October 2012	26 October 2012	✓	8 Years	✓	✓	✓	-
2016(1)/2556	18 June 2013	2 June 2015	✓	8 Years	✓	✓	✓	✓
60-1260-1-00-1-0	5 September 2017	27 April 2018	✓	5 Years	✓	✓	✓	-

The privileges granted included:

- exemption from payment of import duty taxes on imported machinery as approved by the Board;
- exemption from payment of income tax for certain operations for a period of commencing as from the dates on which the income is first derived from such operations;
- exemption of income tax on dividend paid from the profit of the promoted operation during the period in which the corporate income tax is exempted;
- exemption of import duty tax on raw materials and essential materials imported for export manufacturing for a period of one year, as from the date of the first import of such materials;
- exemption of import duty tax on products that the promoted company imported for export back for a period of one year, as from the date of the first import of such products; and
- allowance for income tax, for net income from investments in the rate of 50% of the normal rate for a period of five years from the expired date of exemption from corporate income taxes in (b) above.

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In addition, the Company has been granted privileges by the Board of Investment relating to International Headquarter. The privileges granted are as follows:

Certificate No.	Approving date	Commencing date of earnings	The privileges			
			No. a	No. b	No. c	No. d
60-1144-1-00-0-0	27 September 2017	12 October 2017	✓	✓	✓	✓

- be permitted to bring alien experts into the Kingdom of Thailand, at the numbers and the period of as deemed appropriate by the Board;
- be permitted to own land used in operations which has been granted privileges, as the Board deems appropriate;
- be permitted to remit money in foreign currency out of the Kingdom of Thailand; and
- exemption of import duty on machinery used for training activities as approved by the Board.

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

Summary of revenues from promoted and non-promoted businesses.

	Separate financial statements					
	Promoted businesses	2018 Non- promoted businesses	Total <i>(in thousand Baht)</i>	Promoted businesses	2017 Non- promoted businesses	Total
Export sales	5,610,432	181,236	5,791,668	5,782,532	-	5,782,532
Indirect export sales	6,480,886	-	6,480,886	7,466,146	-	7,466,146
<b>Total revenues</b>	<b>12,091,318</b>	<b>181,236</b>	<b>12,272,554</b>	<b>13,248,678</b>	<b>-</b>	<b>13,248,678</b>

## 27 Earnings per share

### *Basic earnings per share*

The calculation of basic earnings per share for the years ended 31 March 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follow:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(thousand shares/in thousand Baht)</i>			
Profit attributable to ordinary shareholders of the Company	599,144	771,356	700,963	751,354
Number of ordinary shares outstanding	2,085,862	2,085,862	2,085,862	2,085,862
<b>Earnings per share (basic) (in Baht)</b>	<b>0.29</b>	<b>0.37</b>	<b>0.34</b>	<b>0.36</b>

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## Notes to the financial statements For the year ended 31 March 2018

### 28 Dividends

At the annual general meeting of the shareholders of the Company held on 24 July 2017, the shareholders approved the appropriation of dividend of Baht 0.50 per share, amounting to Baht 1,042.93 million. The dividend was paid to shareholders in August 2017.

At the annual general meeting of the shareholders of the Company held on 25 July 2016, the shareholders approved the appropriation of dividend of Baht 0.25 per share, amounting to Baht 521.46 million. The dividend was paid to shareholders in August 2016.

### 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.

#### *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 for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

#### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rate will affect the results of the Group's operations and its cash flows because loan interest rates are mainly adjusted in accordance to market rate or are fixed which is close to current market rate.

The effective interest rates of loans to related parties as at 31 March and the periods in which the loans to related parties mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2018</b>					
<b>Current</b>					
Short-term loans to related parties	2.0-2.7	2,498,544	-	-	2,498,544
<b>Total</b>		<b>2,498,544</b>	<b>-</b>	<b>-</b>	<b>2,498,544</b>
<b>2017</b>					
<b>Current</b>					
Short-term loans to related parties	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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	Effective interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2018</b>					
<b>Current</b>					
Short-term loans to related parties	2.0-2.7	2,654,703	-	-	2,654,703
<b>Total</b>		<b>2,654,703</b>	<b>-</b>	<b>-</b>	<b>2,654,703</b>
<b>2017</b>					
<b>Current</b>					
Short-term loans to related parties	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The effective interest rates of loan from a related party as at 31 March and the periods in which the loans from related party mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2018</b>					
<b>Current</b>					
Short-term loan from a related party	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2017</b>					
<b>Current</b>					
Short-term loan from a related party	1.40	61,666	-	-	61,666
<b>Total</b>		<b>61,666</b>	<b>-</b>	<b>-</b>	<b>61,666</b>

### Foreign currency risk

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:

Foreign currency	Average exchange rate (Baht per 1 foreign currency unit)	31 March 2018			
		Consolidated financial statements		Separate financial statements	
		Assets	Liabilities	Assets	Liabilities
			(in thousand)		
United States Dollars	31.2318	221,119	54,140	217,485	55,050
Singapore Dollars	23.8223	-	180	-	180
Japanese Yen (100 Yen)	29.3934	-	66,216	-	23,092
Hong Kong Dollars	3.9791	1,578	10,734	-	-
Chinese Renminbi	4.9783	13,598	8,740	-	-

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Foreign currency	Average exchange rate (Baht per 1 foreign currency unit)	31 March 2017			
		Consolidated financial statements		Separate financial statements	
		Assets	Liabilities	Assets	Liabilities
		<i>(in thousand)</i>			
United States Dollars	34.4501	204,594	47,848	207,582	43,747
Singapore Dollars	24.6540	-	79	-	79
Japanese Yen (100 Yen)	30.7720	-	57,690	-	10,733
Hong Kong Dollars	4.4337	1,628	11,038	-	-
Chinese Renminbi	5.0069	10,159	12,063	-	-

**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 assets in the statement of financial position.

**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.

**Carrying amounts and fair values**

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
		<i>(in thousand Baht)</i>			
<b>31 March 2018</b>					
<b>Financial assets</b>					
<b>measured at fair value</b>					
<b>Current</b>					
Mutual fund	83,101	83,101	-	-	83,101
<b>31 March 2017</b>					
<b>Financial assets</b>					
<b>measured at fair value</b>					
<b>Current</b>					
Mutual fund	57,377	57,377	-	-	57,377

The fair values of mutual fund were determined as net asset value (NAV) at the reporting date.

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*Financial instruments not measured at fair value*

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities are taken to approximate the carrying value as determined in the statement of financial position.

**30 Commitments with non-related parties**

The Group has entered into a number of lease and service agreements for building, factories, apartments, vehicles and office equipment. Future minimum operating lease commitments and other commitments as at 31 March are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>				
Within one year	105,732	104,400	23,986	12,331
After one year but within five years	117,215	127,005	33,309	3,408
<b>Total</b>	<b><u>222,947</u></b>	<b><u>231,405</u></b>	<b><u>57,295</u></b>	<b><u>15,739</u></b>
<b><i>Other commitments</i></b>				
Bank guarantees	27,337	27,137	27,337	27,137
<b>Total</b>	<b><u>27,337</u></b>	<b><u>27,137</u></b>	<b><u>27,337</u></b>	<b><u>27,137</u></b>

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## and its Subsidiaries

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### 31 Functional currency financial statements

The US Dollar functional currency statements of financial position as at 31 March 2018 and 2017 and statements of comprehensive income for the years ended 31 March 2018 and 2017 are as follows.

#### Statement of financial position

	Consolidated financial statements		Separate financial statements	
	31 March		31 March	
	2018	2017	2018	2017
	<i>(in US Dollar)</i>			
<b>Current assets</b>				
Cash and cash equivalents	28,232,329	57,612,687	24,931,314	54,879,064
Other investments	22,660,767	61,665,502	20,000,000	60,000,000
Trade accounts receivable	91,686,364	87,094,888	95,548,065	89,457,505
Amount due from related parties	3,572,108	922,292	3,653,993	815,697
Short-term loans to related parties	80,000,000	-	85,000,000	-
Inventories	32,619,011	43,732,263	30,971,003	41,604,925
Other current assets	2,495,350	1,984,764	1,817,662	1,350,867
<b>Total current assets</b>	<b>261,265,929</b>	<b>253,012,396</b>	<b>261,922,037</b>	<b>248,108,058</b>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	3,866,246	3,866,246
Property, plant and equipment	83,898,672	83,245,793	83,314,306	82,263,006
Equipment not used in operation	9	14	9	14
Goodwill	12,454,836	12,454,836	-	-
Other intangible assets	209,525	412,305	177,525	368,305
Deferred tax assets	446,233	571,225	-	-
Other non-current assets	97,676	97,676	72,676	72,676
<b>Total non-current assets</b>	<b>97,106,951</b>	<b>96,781,849</b>	<b>87,430,762</b>	<b>86,570,247</b>
<b>Total assets</b>	<b>358,372,880</b>	<b>349,794,245</b>	<b>349,352,799</b>	<b>334,678,305</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Trade accounts payable	35,633,530	32,779,739	37,734,338	32,855,327
Other payables	19,675,484	11,312,284	18,867,918	10,932,393
Amount due to related parties	2,461,613	360,267	2,832,458	581,290
Short-term loan from related party	-	1,790,000	-	-
Income tax payable	130,214	139,953	-	-
Other current liabilities	22,102,899	21,260,243	15,244,286	13,927,911
<b>Total current liabilities</b>	<b>80,003,740</b>	<b>67,642,486</b>	<b>74,679,000</b>	<b>58,296,921</b>
<b>Non-current liability</b>				
Non-current provisions for employee benefits	11,486,557	8,621,886	11,486,557	8,621,886
<b>Total non-current liability</b>	<b>11,486,557</b>	<b>8,621,886</b>	<b>11,486,557</b>	<b>8,621,886</b>
<b>Total liabilities</b>	<b>91,490,297</b>	<b>76,264,372</b>	<b>86,165,557</b>	<b>66,918,807</b>

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 March 2018

### Statement of financial position

	Consolidated financial statements		Separate financial statements	
	31 March		31 March	
	2018	2017	2018	2017
	<i>(in US Dollar)</i>			
<b>Equity</b>				
Share capital				
Authorised share capital	<u>115,329,126</u>	<u>115,329,126</u>	<u>115,329,126</u>	<u>115,329,126</u>
Issued and paid-up share capital	115,329,126	115,329,126	115,329,126	115,329,126
Additional paid-in capital				
Premium on ordinary shares	13,516	13,516	13,516	13,516
Retained earnings				
Appropriated				
Legal reserve	9,611,833	8,551,139	9,611,833	8,551,139
Unappropriated	141,184,939	148,893,414	138,070,927	143,704,368
Other components of equity	<u>743,169</u>	<u>742,678</u>	<u>161,840</u>	<u>161,349</u>
<b>Total equity</b>	<b><u>266,882,583</u></b>	<b><u>273,529,873</u></b>	<b><u>263,187,242</u></b>	<b><u>267,759,498</u></b>
<b>Total liabilities and equity</b>	<b><u>358,372,880</u></b>	<b><u>349,794,245</u></b>	<b><u>349,352,799</u></b>	<b><u>334,678,305</u></b>

# Magnecomp Precision Technology Public Company Limited and its Subsidiaries

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## Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 March		For the year ended 31 March	
	2018	2017	2018	2017
	<i>(in US Dollar)</i>			
<b>Revenues</b>				
Revenue from sale of goods	382,161,987	386,865,298	374,083,337	378,686,733
Other income	4,899,002	2,459,544	3,952,133	2,360,738
<b>Total revenues</b>	<b>387,060,989</b>	<b>389,324,842</b>	<b>378,035,470</b>	<b>381,047,471</b>
<b>Expenses</b>				
Cost of sale of goods	337,146,810	336,504,804	341,070,362	338,972,417
Distribution costs	2,643,664	2,596,288	712,090	1,078,408
Administrative expenses	19,584,363	20,784,258	7,300,275	7,727,151
Impairment losses on goodwill and other intangible assets	-	6,600,150	-	-
Impairment losses on investment in subsidiaries	-	-	-	12,000,000
Net foreign exchange loss	1,962,713	497,334	1,945,620	430,952
Finance costs	32,946	23,466	-	-
<b>Total expenses</b>	<b>361,370,496</b>	<b>367,006,300</b>	<b>351,028,347</b>	<b>360,208,928</b>
<b>Profit before income tax expense</b>	<b>25,690,493</b>	<b>22,318,542</b>	<b>27,007,123</b>	<b>20,838,543</b>
Income tax (expense) benefit	(448,393)	165,472	-	-
<b>Profit for the year</b>	<b>25,242,100</b>	<b>22,484,014</b>	<b>27,007,123</b>	<b>20,838,543</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Gains (losses) on remeasurement of defined benefit plans	(473,020)	205,513	(473,020)	205,513
<b>Other comprehensive income (expense) for the year, net of tax</b>	<b>(473,020)</b>	<b>205,513</b>	<b>(473,020)</b>	<b>205,513</b>
<b>Total comprehensive income (expense) for the year</b>	<b>24,769,080</b>	<b>22,689,527</b>	<b>26,534,103</b>	<b>21,044,056</b>
<b>Earnings per share</b>				
Basic earnings per share	0.012	0.011	0.013	0.010

# **Magnecomp Precision Technology Public Company Limited and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 March 2018**

## **32 Events after the reporting period**

*Disposal of EntroComponent Solutions Singapore Pte. Ltd., an indirect subsidiary*

On 16 May 2018, a direct subsidiary, Acrathon Precision Technologies (HK) Limited (“the Seller”) entered into a Sale and Purchase Agreement of ordinary shares of its subsidiary, EntroComponent Solutions Singapore Pte. Ltd., with another third party (“the Purchaser”), whereby the Seller has agreed to sell, and the Purchaser has agreed to purchase 10,000 ordinary shares (100% controlling interest) from the Seller on the terms as stipulated in the agreement.