

13.0 Significant Financial Information

13.1 Revenue Structure

EXTERNAL SALES REVENUE (Million Baht)	Consolidated Financial Statements				
	FY2017/18	FY2016/17	FY2015/16	FY2014/15	FY2013/14
Sales Revenue by Company					
Ingress Autoventures Co., Ltd	972.6	984.7	1,024.5	1,314.3	1,657.1
Fine Components (Thailand) Co., Ltd	165.0	178.6	205.1	150.2	195.1
Ingress Precision Sdn Bhd	319.0	381.3	365.8	402.7	461.2
Ingress Technologies Sdn Bhd	1,217.7	1,131.7	1,343.1	1,721.1	1,691.7
Talent Synergy Sdn Bhd	12.6	9.4	15.3	6.7	-
PT Ingress Malindo Ventures	188.8	229.7	204.3	256.9	202.1
PT Ingress Technologies Indonesia	0.3	0.5	0.5	0.6	0.6
Ingress Autoventures (India) Pvt Ltd *	36.9	-	-	-	-
	2,912.9	2,915.9	3,158.6	3,852.5	4,207.8
Sales Revenue by Country					
Thailand	1,137.6	1,163.3	1,229.6	1,464.5	1,852.2
Malaysia	1,549.3	1,522.4	1,724.2	2,130.5	2,152.9
Indonesia	189.1	230.2	204.8	257.5	202.7
India *	36.9	-	-	-	-
	2,912.9	2,915.9	3,158.6	3,852.5	4,207.8
Sales Revenue by Products					
Rollforming products	1,517.3	1,595.2	1,594.6	1,973.9	2,320.4
Stamping products	1,383.0	1,311.3	1,548.7	1,871.9	1,887.4
Automation solution	12.6	9.4	15.3	6.7	-
	2,912.9	2,915.9	3,158.6	3,852.5	4,207.8

* Ingress Autoventures (India) Pvt Ltd (formerly known as Ingress Mayur Auto Ventures Pvt Ltd) become a wholly owned subsidiary of INGRS effective from 13 November 2017.

13.2 Financial Highlight

	Consolidated Financial Statements				
	FY2017/18	FY2016/17	FY2015/16	* FY2014/15	*FY2013/14
Statement of Financial Position					
(Million Baht)					
Current Assets	1,259.4	1,362.3	1,173.7	1,597.7	2,179.8
Non-current Assets	3,221.8	3,163.0	3,222.9	2,897.8	3,028.3
Current Liabilities	1,155.5	1,302.5	1,237.1	1,439.9	1,425.8
Non-current liabilities	777.3	957.7	837.5	945.7	944.7
Paid up capital	1,446.9	1,185.4	1,185.4	1,185.4	- **
Shareholder's Equity	1,743.0	1,444.3	1,470.0	1,246.7	1,968.3
Total Equity	2,548.4	2,265.1	2,322.0	2,109.9	2,837.6
Statement of Comprehensive Income					
(Million Baht)					
Sales Revenue	2,912.9	2,915.9	3,158.6	3,852.5	4,207.8
Gross Profit	646.1	644.8	653.6	715.0	1,010.1
Other Revenue	65.6	137.7	146.8	145.7	87.5
EBITDA	517.6	586.3	574.9	562.9	550.9
Net Profit Before Tax	144.6	193.4	210.0	180.3	153.6
Net Profit After Tax	147.9	210.4	177.0	209.3	186.0
Net Profit After Tax Attributable to Equity Holders	97.8	169.6	132.0	155.6	132.4
Earning per share	0.07	0.14	0.11	0.13	-
Dividend paid - interim	94.4	37.9	40.0	-	-
Dividend paid - final	37.6	37.9	37.9	-	-
Financial Ratios					
Current Ratio (times)	1.09	1.05	0.95	1.11	1.53
Gross Profit Margin (%)	22.2%	22.1%	20.7%	18.6%	24.0%
Net Profit Before Tax Margin (%)	5.0%	6.6%	6.6%	4.7%	3.7%
Net Profit After Tax Margin (%)	5.1%	7.2%	5.6%	5.4%	4.4%
Return on Total Assets (%)	2.2%	3.7%	3.0%	3.5%	2.5%
Return on Equity (%)	3.8%	7.5%	5.7%	7.4%	4.7%
Debt to Equity Ratio (times)	0.71	1.04	0.88	1.14	0.69
Dividend payout (% of Net Profit After Tax Attributable to Equity Holders)	135.0%	44.7%	59.0%	0.0%	0.0%

* The Consolidated results presented were based on the Common Control concept of which INGRS Group exists since the inception of the Group under Ingress Corporation Berhad.

** The Company was incorporated on 13 March 2014 and the Group Restructuring completed on 31 January 2015.

14.0 Management Discussion and Analysis

14.1 Basis for analysis of the operating results and financial position of the Group

Ingress Industrial (Thailand) Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is an investment holding company whose subsidiaries are principally engaged in the manufacturing and distribution of automotive components. The registered office of the Company is 9/141, 14th Floor, Unit A, UM Tower Building, Ramkhamhaeng Road, Suanluang, Bangkok, Thailand. The Group's factories and facilities are located in four countries, namely Thailand, Malaysia, Indonesia and India.

The analysis for the Group's business performance, financial position and cash flow is based on the Company's consolidated financial statements for the financial year ended 31 January 2018.

14.2 Overall operating results

For the financial year ended 31 January 2018 ("FY2017/18") and 31 January 2017 (FY2016/17"), the Group's registered sales revenue of Baht 2,912.9 million and Baht 2,915.9 million respectively which represents a marginal decrease of Baht 3.0 million or 0.1%. Despite the newly inclusion Ingress Autoventures (India) Pvt Ltd ("IAIPL") (formerly known as Ingress Mayur Auto Ventures Pvt Ltd) as a wholly owned subsidiary effective from 13 November 2017 which contributed sales revenue of Baht 27.8 million during FY2017/18, the Group sales revenue decrease mainly due to lower sales revenue recorded by Thailand and Indonesia operation by Baht 23.9 million and Baht 34.3 million respectively. Malaysian operation registered higher sales revenue by Baht 19.5 million in comparison to FY2016/17.

Despite lower sales revenue recorded for FY2017/18, the Group's recorded higher gross profit margin of 22.2% as compared to 22.1% recorded in FY2016/17.

The Group registered profit after taxation and minority interest ("PATMI") of Baht 97.8 million in FY2017/18 as compared to Baht 169.6 million in FY2016/17 which represents a decrease of Baht 71.8 million or 42.3%. The decrease was mainly due to the recognition of a significant foreign exchange gain amounting to Baht 77.7 million in FY2016/17 as compared to the recognition of foreign exchange loss amounting to Baht 1.4 million in FY2017/18. The foreign exchange gain/(loss) was mainly due to the gain/(loss) recorded on the elimination of intercompany balances within the Group on the exchange rate fluctuation between local and foreign currency at the end of the financial year as compared to the transaction date.

For FY2017/18, the Group PATMI margin was 3.4% as compared to 5.8% in FY2016/17.

14.3 Analysis of the operating results

14.3.1 Sales revenue

The Group was principally engaged in the sales of two major types of automotive components namely roll forming products and stamping products. Most of the subsidiaries in each country manufactured and sold their products to local Original Equipment Manufacturers ("OEMs") in local currencies (unless advised by the OEM).

The sales revenue structure of the Group by countries and products are as follows:

	Financial Year Ended			
	31 January 2018		31 January 2017	
	Million Baht	Percent	Million Baht	Percent
Sales Revenue by Country				
Thailand	1,137.6	39.0	1,163.3	39.9
Malaysia	1,549.3	53.2	1,522.4	52.2
Indonesia	189.1	6.5	230.2	7.9
India	36.9	1.3	-	-
Total Sales Revenue	2,912.9	100.0	2,915.9	100.0
Sales Revenue by Products				
Roll Forming Products	1,517.3	52.1	1,580.3	54.2
Stamping Products	1,383.0	47.5	1,326.2	45.5
Automation Solution Provider	12.6	0.4	9.4	0.3
Total Sales Revenue	2,912.9	100.0	2,915.9	100.0

Based on the above table, Malaysia was the main contributor for the sales revenue for FY2017/18, accounted for 52.8% from the total Group's sales revenue followed by Thailand and Indonesia operation. The newly inclusion of IAIPL contributed sales revenue of 1.2% from the total Group's sales revenue.

The roll forming products were the main contributor of the sales revenue to the Group for FY2017/18, accounted for 52.0% from the total Group's sales revenue while stamping products and automation solution provider contributes sales revenue by 47.6% and 0.4% respectively.

14.3.2 Other income

Other income comprise of foreign exchange gain, interest income, gain on disposal, etc. The details of other income are follows:

	Financial Year Ended			
	31 January 2018		31 January 2017	
	Million Baht	Percent	Million Baht	Percent
Exchange gain	-	-	75.7	56.0
Scrap sales	39.7	60.5	33.3	24.1
Fair value adjustment on interest free loan	-	-	13.6	9.9
Gain from acquisition of share from non-controlling interest	14.3	21.8	-	-
Miscellaneous income	11.6	17.7	15.1	11.0
Total other income	65.6	100.00	137.7	100.0

For FY2017/18 and FY2016/17, the total other income of the Group were Baht 65.6 million and Baht 137.7 million respectively accounted for 2.2% and 4.5% respectively of the Group's total revenues. From the above table, it can be seen that some of the other income of the Group's were non-normal business

transactions such as foreign exchange gains, fair value adjustment on interest free loan and gain from acquisition of share from non-controlling interest.

The Group recognized the foreign exchange gain of Baht 75.71 million in FY2016/17 mainly due to the gain recorded on the elimination of intercompany balances within the Group on the exchange rate fluctuation between local and foreign currency at the end of the financial year as compared to the transaction date. In addition to foreign exchange gains, the Group also recognized other revenues related to the business such as the revenues from scrap from the production of automotive parts, interest income that the Group obtained from short-term investment, income from IPSB's investment property in Malaysia, and gain on sale of equipment and tools, etc.

For FY2017/18, the Group recognised gain from acquisition of share from non-controlling interest in relation to the acquisition of the additional 60% shares in IA IPL. The amount recognized in FY2017/18 amounting to Baht 14.3 million was derived from the difference of the carrying amount of investment in associated company as at the date of acquisition of shares in comparison to 40% of the value determined by the independent valuer upon the acquisition of the additional 60% shares in IA IPL.

For FY2016/17, the Group recognized income from long-term loans with no interest of Baht 13.6 million as the long-term non-interest income derived from the fact that ITSB and IPSB, Malaysian subsidiaries, received from a Malaysian Industrial Development Finance ("MIDF") loans under the Malaysian Government (via MIDF) with the intention to assist and support the business of manufacturing and selling auto parts to Proton Vendors, the national car manufacturer of Malaysia, who were affected by the unmatched volume of Proton Vendors orders which ITSB and IPSB had advantage of said soft loans subsidised by the government in accordance with TAS 20, accounting for government grants and disclosure of government assistance. As a result, the subsidiaries in Malaysia recognized income from the acquisition of long-term loans with no interest of Baht 13.62 million in the statement of comprehensive income for FY2016/17. In addition, the long-term loan interest income of Baht 13.62 million was based on the difference between the long-term loan as specified in the loan agreement and the fair value of the loan, which based on the sum of the currents that the loaner must repay to the lender's financial institution in accordance with the period specified in the discounted loan agreement with the discount rate based on the market rate.

14.3.3 Cost of sales

The cost of sales comprises mainly the following:

1. Direct variable costs – materials, purchase parts, indirect materials, sub-contractor costs, consumables, factory sales and distribution, royalty fees, direct labour and factory utility expenses;
2. Fixed overhead costs – indirect labour factory, factory maintenance, factory rental, insurance and factory expenses; and
3. Depreciation and amortisation for factory, plant and machinery.

The components of the Group's cost of sales are as follows:

	Financial Year Ended			
	31 January 2018		31 January 2017	
	Million Baht	Percent	Million Baht	Percent
Direct variable costs	1,729.1	76.3	1,706.8	75.1
Fixed overhead costs	268.8	11.8	278.7	12.3
Depreciation and amortisation	268.9	11.9	285.6	12.6
Total Cost of Sales	2,266.8	100.0	2,271.1	100.00

The cost of sales of the Group classified by countries is as follows:

	Financial Year Ended			
	31 January 2018		31 January 2017	
	Million Baht	Percent	Million Baht	Percent
Cost of Sales by Country				
Thailand	844.1	37.2	868.8	38.2
Malaysia	1,254.0	55.3	1,237.5	54.5
Indonesia	146.4	6.5	164.8	7.3
India	22.3	1.0	-	-
Total Cost of Sales	2,266.8	100.0	2,271.1	100.0

Over the years, the Group continued to have a strict cost and operating expenses control policy to achieve the earning target as well as to adapt with a challenging business environment and the demand by the OEMs to be competitive. In terms of the production cost management, the Group negotiated with the manufacturers and distributors of raw materials including some OEMs to change the type of raw materials but maintained the same product qualities in accordance with Value Added Value Engineering ("VAVE") which resulted in the reduction on the production costs benefiting the the Group and the customers who obtained the automotive components in more reasonable price. The Group also managed to increase the efficient production processes and reduced overall production costs.

14.3.4 Gross profit and gross profit margin

The gross profit and gross profit margin of the Group classified by countries are as follows:

	Financial Year Ended			
	31 January 2018		31 January 2017	
	Gross Profit Million Baht	Profit Margin Percent	Gross Profit Million Baht	Profit Margin Percent
Gross Profit/Margin by Country				
Thailand	293.5	25.8	294.5	25.3
Malaysia	295.3	19.1	284.9	18.7
Indonesia	42.7	22.6	65.4	28.4
India	14.6	39.6	-	-
Group Gross Profit/Margin	646.1	22.2	644.8	22.1

For FY2017/18 and FY2016/17, the Group's gross profits were Baht 646.1 million and Baht 644.8 million respectively, which represented a margin of 22.2% and 22.1% respectively.

14.3.5 Selling expenses

Selling expenses of the Group consisted of distribution, staff and other expenses which can be classified as follows:

	Financial Year Ended			
	31 January 2018		31 January 2017	
	Million Baht	Percent	Million Baht	Percent
Distribution costs	26.4	59.3	28.3	61.3
Staff costs	13.0	29.2	11.4	24.7
Other expenses	5.1	11.5	6.4	14.0
Total Cost of Sales	44.5	100.0	46.1	100.0

14.3.6 Share of Profit from Associate Company

On 30 January 2017, the Group via IIM acquired 40% shares in IAIPL from IESB with the purpose of expanding the Group's business in India. With the completion of the acquisition, IAIPL became a 40% associate of the Group as at 31 January 2017. The acquisition of such investment was part of the Group's business restructuring and was considered as the acquisition under common control and therefore has assumed IAIPL was in the Group since the inception. On 13 November 2017, the Group via IIM has completed the acquisition of the additional 60% shares from the existing shareholder, Mayur Industries Pvt Ltd. The completion resulted in a change of status from associate company to a wholly owned subsidiary of IIM.

During FY2017/18 (up to 13 November 2017) and FY2016/17, the Group recognized the amount of Baht 4.0 million and Baht 5.1 million respectively as share of profit from associate company.

14.3.7 Administrative Expenses

The Group's administrative expenses consisted of staff, depreciation and amortization of office assets, management fees and general administrative expenses, such as consulting fees, office expenses, office rental and office maintenance fees. Most of the administrative expenses are personnel expenses. The table below shows the Group's administrative expenses classified by type of expenses.

	Financial Year Ended			
	31 January 2018		31 January 2017	
	Million Baht	Percent	Million Baht	Percent
Staff costs	274.0	60.6	267.8	56.5
General administrative expenses	137.1	30.3	168.8	35.6
Depreciation and amortization of office assets	41.2	9.1	37.0	7.8
Management fees	-	-	0.4	0.1
Total Cost of Sales	452.3	100.0	474.0	100.0

14.3.8 Finance cost

The Group's financial expenses consist of interests from overdrafts and short-term loans from financial institutions, interest from hire purchase and financial lease agreements and long-term loans. For FY2017/18 and FY2016/17, the Group's financial expenses were Baht 72.9 million and Baht 74.1 million respectively.

14.3.9 Income Tax Expenses/(Income)

For FY2017/18 and FY2016/17, the income tax expense/(income) of the Group were Baht (3.2) million and Baht (17.0) million respectively. The income tax expense shown in the statement of comprehensive income was different from the profit before tax multiplied by the applicable tax rate due to the improvements related to the tax calculation, which comprised of the following:

- a) Adjustment of corporate income tax expense of the previous year;
- b) Utilization of business tax losses and tax allowances in the current year;
- c) Difference in income tax rate which was not equal in the Group;
- d) IAV was granted promotional privileges by the Board of Investment (BOI) for the manufacture of auto parts under the promotional certificates with the exemption from corporate income tax for promoted businesses for a period of 8 years commencing from the first earning operating income and obtained a 50% reduction in corporate income tax for the promoted business of 5 years from the exemption date;
- e) Adjustment on the non-allowable expenses and tax exempt income;
- f) Deferred tax recognition on unabsorbed business tax losses and unused reinvestment allowances and capital allowances;
- g) Deferred tax adjustment item of the previous year;
- h) Deferred tax effects on tax rate change; and

i) Other items.

The income tax expenses/(income) of the Group for FY2017/18 and FY2016/17 are as follows:

	Financial Year Ended			
	31 January 2018		31 January 2017	
	Million Baht	Percent	Million Baht	Percent
Current income tax				
Current income tax charge	19.7	103.7	25.5	45.1
Adjustment in respect of tax/(income) expenses of previous year	(0.7)	(3.7)	31.0	54.9
Total current income tax	19.0	100.0	56.5	100.00
Deferred tax				
Adjustment in respect of tax expense/(income) of previous year	(2.1)	9.5	(69.1)	94.0
Adjustment in respect of deferred tax of previous year	(20.1)	90.5	(4.4)	6.0
Total deferred tax	(22.2)	100.0	(73.5)	100.0
Tax expense/(income) reported in the statement of comprehensive income	(3.2)	100.0	(17.0)	100.0

Note:

- Items considered for tax purposes of the Group were mainly related to Capital Allowance ("CA") and Reinvestment Tax Allowance ("RA") which are tax deductions related to capital expenditure in accordance with Malaysian Law.
- Companies in Malaysia that used the CA deductions would need to invest in capital expenditures for business purposes. The type of fixed assets that a Malaysian company had invested in which would receive a CA tax benefit must be a property that complied with the qualifying capital expenditure according to Malaysian Qualifying Law by which tax deduction from CA was subject to the relevant laws of Malaysia. The unutilized CA would be recognized as deferred tax assets on the statement of financial position and such unutilized CA could reduce the future tax liabilities of the subsidiary in Malaysia. This was in accordance with the terms and conditions of using the CA of Malaysian tax law.
- RA was an additional tax relief to the CA for a Malaysian company investing in qualifying capital expenditure with the purposes of expanding the existing production capacity, diversification of business into related products or increase the capacity of modernization or automation of the production facilities. The primary objective in providing RA was to promote the business of the manufacturing sectors in Malaysia. The calculation and usage of tax deductions from RA shall be in accordance with the relevant laws of Malaysia and RA that had not been used would be recognized as deferred tax assets on statement of financial position as well as unutilized CA.

14.3.10 Net Profit and Net Profit Margin

Unit: Million Baht	Financial Year Ended		Increase/(decrease)	
	31 January 2018	31 January 2017	Million Baht	Percent
Net profit for the financial year	147.9	210.4	(62.5)	(29.7)
Non-controlling interests	50.1	40.8	9.3	22.8
Net profit attributable to equity holders of the Company *	97.8	169.6	(71.8)	(42.3)
Earning per share * (Baht)	0.07	0.14	(0.07)	(50.0)

* Inclusive of profit attributable to shareholders of subsidiaries and associated company before combination of business under common control

For FY2017/18 and FY2016/17, the Group registered net profit for the financial year of Baht 147.9 million and Baht 210.4 million respectively, decreased by Baht 62.5 million or 29.7%. The decrease in the net profit was mainly due to the recognition of foreign exchange loss amounting to Baht 1.38 million during FY2017/18 as compared to the recognition of foreign exchange gain amounting to Baht 75.71 million during FY2016/17.

14.4 Financial position analysis

As at 31 January 2018, the Group has total assets of Baht 4,481.2 million, total liabilities of Baht 1,932.8 and total shareholders' equity of Baht 2,548.3 million.

14.4.1 Assets

Unit: Million Baht	Financial Year Ended		Increase/(decrease)	
	31 January 2018	31 January 2017	Million Baht	Percent
Trade and other receivables	651.1	692.2	(41.1)	(5.9)
Inventories	272.2	234.3	37.9	16.2
Cash and cash equivalents	288.2	418.5	(130.3)	(31.1)
Property, plant and equipment	2,736.9	2,781.1	(44.2)	(1.6)
Deferred tax assets	352.2	286.7	65.5	22.8
Other assets	180.6	112.5	68.1	60.5
Total assets	4,481.2	4,525.3	(44.1)	(1.0)

As at 31 January 2018, the total assets decreased by Baht 44.1 million or 1.0% in comparison to total assets as at 31 January 2017.

14.4.2 Liabilities

Unit: Million Baht	Financial Year Ended		Increase/(decrease)	
	31 January 2018	31 January 2017	Million Baht	Percent
Trade and other payables	455.7	594.8	(139.1)	(23.4)
Bank overdrafts and short-term loans from financial institution	445.6	401.5	44.1	11.0
Long-term loans	753.7	1,073.3	(319.6)	(29.8)
Deferred tax liabilities	156.9	114.1	42.8	37.5
Other liabilities	120.9	76.4	44.5	58.2
Total liabilities	1,932.8	2,260.1	(327.3)	(14.5)

As at 31 January 2018, the total liabilities decreased by Baht 327.3 million or 14.5% in comparison to total liabilities as at 31 January 2017 mainly due to the decrease in long term loans amounting to Baht 319.6 million of which the amount of Baht 109.5 million was utilizing the listing proceeds.

14.4.3 Shareholders' equity

Total shareholders' equity increased by Baht 283.1 million, from Baht 2,265.2 million as at 31 January 2017 to Baht 2,548.3 million as at 31 January 2018. The increase was mainly due to the issuance of 261.6 million new ordinary shares with a par value of Baht 1, at an offering price of Baht 1.33 per share to Baht 342.3 million (net of expenses relating to the share offering amounting to approximately Baht 5.6 million).

14.5 Key financial performance

14.5.1 Profitability ratio

	FY2017/18	FY2016/17	Increase/(decrease)
Return on assets ("ROA") (%)	2.2%	3.7%	(1.5%)
Return on equity ("ROE") (%)	3.8%	7.5%	(3.7%)

Due to lower profits recorded for FY2017/18, the ROA and ROE decreased by 1.5% and 3.7% respectively in comparison to FY2016/17.

14.5.2 Liquidity ratio

	FY2017/18	FY2016/17	Increase/(decrease)
Accounts receivable days	69.9	58.2	11.7
Inventory days	43.2	36.6	6.6
Accounts payable days	63.7	68.9	(5.2)
Cash conversion cycle (days)	49.4	25.9	23.5

Even though the average collection period and inventory holding period was deteriorate in FY2017/18 as compared to FY2016/17, the Group monitored and controlled the accounts receivable, inventories and

accounts payable throughout the FY2017/18 which resulted the cash conversion cycle recorded at 49.4 days.

14.5.3 Leverage ratio

	FY2017/18	FY2016/17	Increase/ (decrease)
Debt to Equity ratio (times)	0.71	1.04	(0.33)
Current ratio (times)	1.09	1.05	0.04

The interest-bearing debt to equity ratio had continuously decreased to 0.71 times as at 31 January 2018 from 1.04 times as at 31 January 2017, achieving the Group's target of long-term funding structure below 1.0 times. The current ratio had also improved to 1.09 times, indicating that the Group's liquidity fund was sufficient to match current obligations.

14.6 Cash flow analysis

Unit: Million Baht	Financial Year Ended		Increase/(decrease)	
	31 January 2018	31 January 2017	Million Baht	Percent
Net cash flows from operating activities	214.9	358.6	(143.7)	(40.1)
Net cash flows used in investing activities	(218.8)	(415.8)	197.0	47.4
Net cash flows from (used in) financing activities	(140.2)	127.1	(267.3)	(210.3)
Translation adjustments	16.3	(23.6)	39.9	169.1
Net increase (decrease) in cash and cash equivalents	(127.8)	46.3	(174.1)	(376.0)
Cash and cash equivalents at beginning of the financial year	398.4	352.1	46.3	13.1
Cash and cash equivalents at end of the financial year	270.6	398.4	(127.8)	(32.1)

The balance of cash and cash equivalents as at 31 January 2018 decreased by Baht 127.8 million as compared to FY2016/17 to Baht 270.6 million.

14.7 Major factors and influence potentially affecting future operations or financial position

The Group's performance was greatly dependent on the development of the automotive industry and economy in the country where we operate namely Thailand, Malaysia, Indonesia and India. The vehicle production volume is an important driver for the manufacture of automotive parts business in Thailand, Malaysia, Indonesia and India, as the Group's revenue tends to move in the same trend as the industry's performance. Apart from the industry's performance, the other factors that would affect the performance of the Group are as follows:

14.7.1 Exchange rate

Although the Group's policy for subsidiaries in Thailand, Malaysia, Indonesia and India was to manufacture and distribute to local OEMs in local currency, subsidiaries in the Group also had intercompany transactions occurred during the period. The Group's income statement over the

past years had been recognized on foreign exchange gain and loss mainly due to the elimination of intercompany transactions in local currency and foreign currency at the end of the period as compared to the transaction date in the future. If the exchange rate fluctuated, net profit of the Group was affected by the recognition of foreign exchange gains or losses arising from the exchange rate when eliminating of intercompany transaction. In some cases, the Group would need to buy raw materials and equipment for manufacturing from other country which affected the Group by the changes of the exchange rate.

14.7.1 Rate of interest

As at 31 January 2018, the Group had long-term loans from financial institutions amounting to Baht 753.7 million. Some loan agreements included floating interest rates of MLR - 1.50, COF + 1.25% and COF + 1.75. %. Then if interest rates in financial markets had changed significantly, it would also significantly affect business performance of the Group.

In view of the volatility and increase of uncertainties in the economy globally, the Group would continue its close monitoring of the development of the automotive industry in key major markets. In preparation of the challenges ahead, the Group would continue to focus on controlling cost activities and cost reduction measures, as well as improving efficiency and efficient use of resources across the organization. At the same time, the Group would explore new opportunities and new markets to grow. The Group would also continue to emphasis on quality, cost, delivery, morale and safety to meet customers' high standard requirements and continuous improvement across the organization.