

***TATA STEEL (THAILAND) PUBLIC COMPANY  
LIMITED AND ITS SUBSIDIARIES***

***Financial Statements***

***Year ended March 31, 2016***

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED

We have audited the consolidated financial statements of Tata Steel (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of Tata Steel (Thailand) Public Company Limited, which comprise the consolidated and separate statements of financial position as at March 31, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Tata Steel (Thailand) Public Company Limited and its subsidiaries and of Tata Steel (Thailand) Public Company Limited as at March 31, 2016 and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Thanawan Anuratbodee  
Certified Public Accountant (Thailand)  
Registration No. 3440

BANGKOK  
April 29, 2016

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4.1	1,186,746,227	708,600,118	1,122,022,378	478,515,960
Trade and other receivables	5	667,392,990	690,724,276	49,215,285	42,231,121
Short-term loans	7	-	-	2,165,744,016	2,477,506,835
Inventories	8	2,296,415,219	3,222,678,173	-	-
Other current assets	9	27,476,731	29,256,817	1,832,147	2,799,472
<b>Total Current Assets</b>		<u>4,178,031,167</u>	<u>4,651,259,384</u>	<u>3,338,813,826</u>	<u>3,001,053,388</u>
<b>NON-CURRENT ASSETS</b>					
Available-for-sale investments		2,200,000	500,000	-	-
Investments in subsidiaries	10	-	-	12,013,047,275	12,013,047,275
Other long-term investment	2.6	1,241	1,241	-	-
Long-term loans	28	-	-	-	200,000,000
Property, plant and equipment	11	4,841,596,706	5,114,275,689	14,802,286	8,930,903
Intangible asset	12	65,127,027	89,383,983	63,919,885	87,675,805
Goodwill	13	3,456,014,092	3,456,014,092	-	-
Deferred tax assets	14	31,937,772	33,417,623	10,552,558	10,313,908
Other non-current assets	15	322,024,622	294,666,890	133,937,478	132,962,743
<b>Total Non-current Assets</b>		<u>8,718,901,460</u>	<u>8,988,259,518</u>	<u>12,236,259,482</u>	<u>12,452,930,634</u>
<b>TOTAL ASSETS</b>		<u>12,896,932,627</u>	<u>13,639,518,902</u>	<u>15,575,073,308</u>	<u>15,453,984,022</u>

Notes to the financial statements form an integral part of these statements

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2016

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdraft and short-term borrowings from financial institutions	16.1	2,044,147,809	2,298,948,887	-	120,000,000
Trade and other payables	17	1,343,254,888	1,381,602,200	80,766,530	55,950,358
Current portion of long-term liabilities	18	206,326,827	871,326,827	200,000,000	865,000,000
Short-term borrowing	28	201,822,180	-	2,253,587,945	1,231,360,439
Current income tax payable		48,651,366	4,695,671	-	-
Other current liabilities		56,625,541	55,777,846	11,059,971	8,643,062
<b>Total Current Liabilities</b>		<b>3,900,828,611</b>	<b>4,612,351,431</b>	<b>2,545,414,446</b>	<b>2,280,953,859</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	21	270,596,275	470,596,275	270,596,275	470,596,275
Employee benefit obligations	22	171,269,061	157,881,429	50,304,079	47,850,053
<b>Total Non-current Liabilities</b>		<b>441,865,336</b>	<b>628,477,704</b>	<b>320,900,354</b>	<b>518,446,328</b>
<b>TOTAL LIABILITIES</b>		<b>4,342,693,947</b>	<b>5,240,829,135</b>	<b>2,866,314,800</b>	<b>2,799,400,187</b>
<b>SHAREHOLDERS' EQUITY</b>					
<b>Share capital</b>					
<b>Authorised share capital</b>					
Ordinary shares					
8,421,540,848 ordinary shares of Baht 1 each		8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
<b>Issued and paid-up share capital</b>					
Ordinary shares					
8,421,540,848 ordinary shares of Baht 1 each, fully paid		8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
<b>Share premium</b>					
Ordinary shares		3,258,624,766	3,258,624,766	3,258,624,766	3,258,624,766
Warrants		130,201,936	130,201,936	130,201,936	130,201,936
<b>Retained earnings (deficit)</b>					
<b>Appropriated</b>					
Legal reserve	23	337,304,305	334,595,571	337,304,305	334,595,571
Unappropriated (deficit)		(3,582,666,160)	(3,734,180,090)	561,086,653	509,620,714
Other component of equity		1,855,535	498,800	-	-
<b>TOTAL ATTRIBUTIONS TO OWNERS OF THE PARENT COMPANY</b>		<b>8,566,861,230</b>	<b>8,411,281,831</b>	<b>12,708,758,508</b>	<b>12,654,583,835</b>
Non-controlling interests		(12,622,550)	(12,592,064)	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>8,554,238,680</b>	<b>8,398,689,767</b>	<b>12,708,758,508</b>	<b>12,654,583,835</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>12,896,932,627</b>	<b>13,639,518,902</b>	<b>15,575,073,308</b>	<b>15,453,984,022</b>

Notes to the financial statements form an integral part of these statements

**TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED MARCH 31, 2016**

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
Revenue from sales	30	16,732,799,012	21,355,093,362	-	-
Revenue from rendering services		-	-	211,625,717	344,945,292
Cost of sales		(15,784,875,625)	(20,788,779,105)	-	-
Cost of rendering services		-	-	(377,061,074)	(396,338,790)
Gross profit (loss)		947,923,387	566,314,257	(165,435,357)	(51,393,498)
Other income	25	139,465,285	55,364,233	326,754,648	221,004,552
Selling expenses		(178,045,182)	(206,621,504)	-	-
Administrative expenses		(552,792,000)	(572,788,686)	(22,254,267)	(19,080,508)
Other expenses		-	-	(1,513,772)	(13,013)
Finance costs		(133,170,650)	(227,961,794)	(83,615,229)	(137,029,957)
PROFIT (LOSS) BEFORE INCOME TAX		223,380,840	(385,693,494)	53,936,023	13,487,576
Income tax (expense) income	14	(69,191,927)	(225,349,008)	238,650	1,509,062
PROFIT (LOSS) FOR THE YEAR		154,188,913	(611,042,502)	54,174,673	14,996,638
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Item that will be reclassified subsequently to profit or loss					
Unrealised gain (loss) on remeasuring available-for-sale investments		1,700,000	(100,000)	-	-
Item that will not be reclassified subsequently to profit or loss					
Actuarial gain (loss) on defined employee benefit plan	22	-	(7,746,264)	-	733,412
Income tax relating to components of other comprehensive income (loss)		(340,000)	1,106,746	-	(146,682)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - NET OF TAX		1,360,000	(6,739,518)	-	586,730
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		155,548,913	(617,782,020)	54,174,673	15,583,368
<b>PROFIT (LOSS) ATTRIBUTABLE TO:</b>					
Owners of the parent		154,222,664	(609,764,237)	54,174,673	14,996,638
Non-controlling interests		(33,751)	(1,278,265)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		154,188,913	(611,042,502)	54,174,673	14,996,638
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>					
Owners of the parent		155,579,399	(616,503,515)	54,174,673	15,583,368
Non-controlling interests		(30,486)	(1,278,505)	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		155,548,913	(617,782,020)	54,174,673	15,583,368
<b>EARNINGS (LOSS) PER SHARE</b>					
Basic earnings (loss) per share	27 BAHT	0.02	(0.07)	0.01	0.00

Notes to the financial statements form an integral part of these statements

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
CONSOLIDATED FINANCIAL STATEMENT  
FOR THE YEAR ENDED MARCH 31, 2016

Notes	Issued and paid-up capital		Share premium		Retained earnings (deficit)		Other components of equity			Total attributions to the owners of the parent company	Non-controlling interest	Total shareholders' equity
	Ordinary shares	Ordinary shares	Warrants	Appropriated	Unappropriated (deficit)	income (loss)			Unrealised gain (loss) on remeasuring available-for-sale investments			
						Legal reserve	Other comprehensive	income (loss)				
	8,421,540,848	3,258,624,766	130,201,936	333,845,739	(3,117,026,503)	598,560	9,027,785,346	(11,313,559)	9,016,471,787			
23 Legal reserve	-	-	-	749,832	(749,832)	-	-	-	-			
Total comprehensive loss for the year	-	-	-	-	(616,403,755)	(99,760)	(616,503,515)	(1,278,505)	(617,782,020)			
<b>Balance as at March 31, 2015</b>	<b>8,421,540,848</b>	<b>3,258,624,766</b>	<b>130,201,936</b>	<b>334,595,571</b>	<b>(3,734,180,090)</b>	<b>498,800</b>	<b>8,411,281,831</b>	<b>(12,592,064)</b>	<b>8,398,689,767</b>			
	8,421,540,848	3,258,624,766	130,201,936	334,595,571	(3,734,180,090)	498,800	8,411,281,831	(12,592,064)	8,398,689,767			
23 Legal reserve	-	-	-	2,708,734	(2,708,734)	-	-	-	-			
Total comprehensive income for the year	-	-	-	-	154,222,664	1,356,735	155,579,399	(30,486)	155,548,913			
<b>Balance as at March 31, 2016</b>	<b>8,421,540,848</b>	<b>3,258,624,766</b>	<b>130,201,936</b>	<b>337,304,305</b>	<b>(3,582,666,160)</b>	<b>1,855,535</b>	<b>8,566,861,230</b>	<b>(12,622,550)</b>	<b>8,554,238,680</b>			

UNIT : BAHT

Notes to the financial statements form an integral part of these statements

**TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**SEPARATE FINANCIAL STATEMENT**

**FOR THE YEAR ENDED MARCH 31, 2016**

UNIT : BAHT

	Notes	Issued and paid-up share capital		Share premium		Retained earnings		Total shareholders' equity
		Ordinary shares	Ordinary shares	Warrants	Appropriated Legal reserve	Unappropriated		
<b>Balance as at April 1, 2014</b>		8,421,540,848	3,258,624,766	130,201,936	333,845,739	494,787,178	12,639,000,467	
Legal reserve	23	-	-	-	749,832	(749,832)	-	
Total comprehensive income for the year		-	-	-	-	15,583,368	15,583,368	
<b>Balance as at March 31, 2015</b>		<u>8,421,540,848</u>	<u>3,258,624,766</u>	<u>130,201,936</u>	<u>334,595,571</u>	<u>509,620,714</u>	<u>12,654,583,835</u>	
<b>Balance as at April 1, 2015</b>		8,421,540,848	3,258,624,766	130,201,936	334,595,571	509,620,714	12,654,583,835	
Legal reserve	23	-	-	-	2,708,734	(2,708,734)	-	
Total comprehensive income for the year		-	-	-	-	54,174,673	54,174,673	
<b>Balance as at March 31, 2016</b>		<u>8,421,540,848</u>	<u>3,258,624,766</u>	<u>130,201,936</u>	<u>337,304,305</u>	<u>561,086,653</u>	<u>12,708,758,508</u>	

Notes to the financial statements form an integral part of these statements



TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (loss) before income tax		223,380,840	(385,693,494)	53,936,023	13,487,576
Adjustments :					
Dividend received		(52,560,000)	(16,800,000)	(276,999,430)	(104,999,964)
Adjustment from loss (gain) on foreign exchange rate		4,070,162	(2,990,405)	806,915	27
Depreciation and amortisation		522,865,414	521,164,501	27,113,721	28,381,620
Adjustment from employee benefit obligation expenses		27,754,191	35,313,405	8,833,105	11,805,310
Interest income		(3,700,255)	(8,575,935)	(49,007,237)	(114,804,089)
Interest expense		133,170,650	227,961,794	83,615,229	137,029,958
Other adjustment from non-cash items	4.2	22,177,332	3,551,389	11,976	10
		<u>877,158,334</u>	<u>373,931,255</u>	<u>(151,689,698)</u>	<u>(29,099,552)</u>
Cash from trade accounts receivable decrease		24,611,876	32,652,467	-	-
Cash from other accounts receivable (increase) decrease		(610,710)	13,906,730	(6,450,364)	13,350,536
Cash from inventories decrease		872,981,431	1,308,017,944	-	-
Cash from trade accounts payable increase (decrease)		54,191,823	(610,148,845)	-	-
Cash from other accounts payable increase (decrease)		(106,551,955)	48,246,982	7,710,850	(6,485,241)
Other cash (paid) received from operating activities	4.3	(31,917,786)	9,587,008	2,900,743	(6,173,715)
Cash received (paid) from operating activities		<u>1,689,863,013</u>	<u>1,176,193,541</u>	<u>(147,528,469)</u>	<u>(28,407,972)</u>
Adjustment of cash occurred from borrowings	4.4	(125,824,787)	(230,538,988)	(70,742,900)	(140,855,188)
Income tax paid		(31,638,763)	(56,724,420)	(7,233,980)	(11,626,478)
Net cash provided by (used in) operating activities		<u>1,532,399,463</u>	<u>888,930,133</u>	<u>(225,505,349)</u>	<u>(180,889,638)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received		52,560,000	16,800,000	276,999,430	104,999,964
Interest received		4,063,913	9,371,803	48,837,094	115,418,191
Proceeds from sales of property, plant and equipment		4,051,912	2,903,754	17,453	-
Payment for purchases of property, plant and equipment		(197,870,051)	(152,408,652)	(6,752,305)	(2,684,377)
Payment for purchases of intangible asset		(64,050)	(1,013,905)	(64,050)	(1,013,905)
Cash paid for loan to related parties and other companies		-	-	(353,237,181)	(1,230,317,005)
Cash received from long-term loan to a related party		-	-	865,000,000	1,610,000,000
Net cash (used in) provided by investing activities		<u>(137,258,276)</u>	<u>(124,347,000)</u>	<u>830,800,441</u>	<u>596,402,868</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Cash received from borrowings		-	213,912,998	903,211,326	532,078,357
Cash repayment of borrowings		(916,995,078)	(1,610,000,000)	(865,000,000)	(1,610,000,000)
Net cash (used in) provided by in financing activities		<u>(916,995,078)</u>	<u>(1,396,087,002)</u>	<u>38,211,326</u>	<u>(1,077,921,643)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>478,146,109</u>	<u>(631,503,869)</u>	<u>643,506,418</u>	<u>(662,408,413)</u>
Beginning balance of cash and cash equivalents		708,600,118	1,340,103,987	478,515,960	1,140,924,373
<b>ENDING BALANCE OF CASH AND CASH EQUIVALENTS</b>	4.1	<u>1,186,746,227</u>	<u>708,600,118</u>	<u>1,122,022,378</u>	<u>478,515,960</u>

Notes to the financial statements form an integral part of these statements

**TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**1. GENERAL INFORMATION AND THE OPERATION OF THE COMPANY**

Tata Steel (Thailand) Public Company Limited (“the Company” or “the parent company”) is incorporated in Thailand and has its registered office at Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak Sub district, Chatuchak District, Bangkok with the objective to invest in other companies and provide management services and the Company has been listed on the Stock Exchange of Thailand since November 2002. The major shareholder (hold 67.90%) is T S Global Holdings Pte. Ltd. (Formerly Tata Steel Global Holdings Pte. Ltd.) which is incorporated in Singapore and is an affiliate of Tata Steel Limited, a listed company incorporated under the law of India and is one of the largest integrated steel manufacturers in India with a strong global customer base.

The Company has three subsidiaries (“the Group”) which were incorporated in Thailand, that manufacture, render a manufacturing service, distribute and trading of steel bars, wire rods and small section products. Sales of the subsidiaries are mainly local sales contributing 90% and 93% of the total sales for the years ended March 31, 2016 and 2015, respectively.

Details of the Company’s subsidiaries are as follows:

	Type of business	Shareholding (%)	
		As at March 31, 2016	As at March 31, 2015
The Siam Iron and Steel (2001) Company Limited	Manufacture wire rods and small section products	99.99	99.99
The Siam Construction Steel Company Limited	Manufacture steel bars	99.99	99.99
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distribution and trading of steel bars, wire rods and small section products	99.76	99.76

The Company has extensive transactions and relationships with the major shareholder and related parties. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such affiliations.

As at March 31, 2016 and 2015, N.T.S. Steel Group Public Company Limited (“N.T.S.”) has total current liabilities exceeding total current assets by Baht 3,010 million and Baht 3,021 million, respectively. However, the amount of current liabilities included the short-term borrowing from the parent company of Baht 2,166 million and Baht 2,478 million, respectively. The parent company will continue its financial support to N.T.S. to enable N.T.S. to continue its operations satisfactorily at least for the next 12 months from the statement of financial position date and the Group’s management has prepared the business plan including initiatives to improve operation and financial results of N.T.S.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS

- 2.1 The Company and its subsidiaries maintain its accounting records in Thai Baht and prepare its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2014) "Presentation of Financial Statements", and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554".
- 2.3 Since April 1, 2015, the Group adopted the new and revised Thai Financial Reporting Standards ("TFRSs") issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2015 onwards, in the preparation and presentation of the financial statements as follows:

### **Thai Accounting Standards ("TAS")**

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible assets
TAS 40 (Revised 2014)	Investment Property

### **Thai Financial Reporting Standards ("TFRS")**

TFRS 2 (Revised 2014)	Share-based Payments
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments

**Thai Financial Reporting Standards (“TFRS”) (Continued)**

TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

**Thai Accounting Standards Interpretations (“TSIC”)**

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions Involving the Legal form of a Lease
TSIC 29 (Revised 2014)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

**Thai Financial Reporting Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. TAS 19 (Revised 2014) - Employee Benefits
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2015), which was announced in the Royal Gazette and effective from November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014). Such Conceptual Framework for Financial Reporting has no material impact on these financial statements.

Above TFRSs have no material impact on these financial statements.

## 2.4 New Standard on Fair Value Measurement

### Impact of the application of TFRS 13

The Group has applied TFRS 13 for the first time in the current year. TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of TFRS 13 is broad; the fair value measurement requirements of TFRS 13 apply to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2014) “Share-based Payment”, leasing transactions that are within the scope of TAS 17 (Revised 2014) “Leases”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

TFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under TFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, TFRS 13 includes extensive disclosure requirements.

TFRS 13 requires prospective application for the financial statements for the periods beginning on or after January 1, 2015 onwards. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of this Standard. Therefore, in accordance with these transitional provisions, the Group has not made any new disclosures required by TFRS 13 for the comparative period. Other than the additional disclosures, the application of TFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

## 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective.

The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards (“TFRSs”), which are announced in the Royal Gazette and effective for the financial statements for the accounting periods beginning on or after January 1, 2016 onwards as follows:

### **Thai Accounting Standards (“TAS”)**

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates

**Thai Accounting Standards (“TAS”) (Continued)**

TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

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TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

The Group's management will adopt the above TFRSs relevant to the Group in the preparation of the Group's financial statements when they become effective. The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

- 2.6 The consolidated financial statements for the years ended March 31, 2016 and 2015 did not include investment in Siam Steel Mill Services Company Limited on an equity method because the Company has no significant influence to govern the financial and operating policies of and does not have any authorized director to sign on behalf of Siam Steel Mill Services Company Limited which is held by The Siam Construction Steel Company Limited at 24% of its share capital. The Company and the subsidiary, therefore, recorded such investment as other long-term investment at cost of Baht 1,241 (see Note 33).

- 2.7 Basis for preparation of consolidated financial statements

The consolidated financial statements consist of the financial statements of the Company and of its subsidiaries (together referred to as the "Group").

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

#### Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of that company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies as follows:

- 3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and all types of deposits at financial institutions with the original maturities of three months or less from the date of acquisition, by excluding deposit at financial institutions used as collateral.

- 3.2 Trade and other receivables

Trade accounts receivable are stated at their invoice values less allowance for doubtful accounts, if any.

### Allowance for doubtful accounts

The Group determines allowance for doubtful accounts by using various assumptions and judgments of the management, which includes the estimated collection losses on receivables based on the Group's collection experience together with a review of the statement of financial position of the debtors and the aging report. The management reviews these estimates and assumptions on a regular basis.

The Group derecognises trade receivables after sales of the trade receivables only when it transfers substantially risks and rewards of ownership of the trade receivables to the buyer.

### 3.3 Inventories

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

Cost of inventories is calculated using the following method:

Finished goods and work in process - at weighted average cost method

Merchandise, raw materials, spare parts,  
Supplies and others - at moving average cost method

The cost of inventories comprises of all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods and work in process, cost of inventories includes an appropriate share of overheads based on normal production capacity.

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

### 3.4 Investments

#### Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are stated at cost net of allowance for impairment losses, if any.

#### Available-for-sales investments

Available-for-sales investments are investments in marketable equity other than those investments which are held for trading are classified as being available-for-sales investments and are stated at fair value, with any resultant gain or loss being recognised directly in equity.

The fair values of marketable securities are determined as the last quoted bid price at the statement of financial position date.



### Other long-term investment

An investment in equity which is not marketable investment is stated at cost net of allowance for impairment, if any.

### 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 the statement of profit or loss and other comprehensive income.

## 3.5 Property, plant and equipment

Land is stated at cost less allowance for impairment, if any.

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment, if any.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

### Depreciation

Depreciation is recorded as expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Land improvements, building and structure	5 - 30 Years
Machinery and equipment	5 - 25 Years
Vehicles	5 - 10 Years
Furniture, fixture and office equipment	3 - 25 Years

The Group does not calculate depreciation for freehold land or assets under construction and installation.

## 3.6 Intangible asset

Intangible asset consist of computer software which is stated at cost less accumulated amortisation and allowance for impairment, if any.

### Amortisation

Amortisation is recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of computer software of 5 years and 10 years.

### 3.7 Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the identifiable net assets acquired.

#### Amortisation

Since April 1, 2008, the amortisation of goodwill has been ceased in the consolidated financial statements and changed to assess for impairment of goodwill instead.

The Group recognises goodwill at cost less allowance for impairment and impairment of goodwill will be tested at least once a year or when there are factors indicating that an investment might be impaired.

For impairment testing, the Group allocates goodwill from business combinations to each cash-generating unit (or group of cash-generating units) that is expected to obtain the benefit from the synergies of the combination and the Group will evaluate the recoverable amount of each cash-generating unit (or group of cash-generating units). If it is lower than the carrying amount of the unit, the Group recognises impairment loss in the statement of profit or loss and other comprehensive income and cannot reverse allowance for impairment loss of goodwill in the future.

### 3.8 Impairment

The carrying amount of the Group's assets is reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

The Group recognises impairment loss when the recoverable amount of an asset is lower than its carrying amount, which the recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. In estimating the value in use, the Group determines the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs of disposal, the Group uses an appropriate and suitable valuation model, which reflects the amount that the Group could obtain from the disposal of the asset between knowledgeable, willing parties in an arm's length transaction, after deducting the costs of disposal.

The Group recognises an impairment loss in the statement of profit or loss and other comprehensive income.

## Reversal of an impairment loss

The Group reverses impairment loss of asset, if any, other than goodwill, which the Group had recognised in the prior periods if an indicator for impairment may no longer exist or may have decreased which the Group must estimate the recoverable amount.

### 3.9 Employee benefits

#### Provident funds

Obligations for contributions to provident fund are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

#### Employee benefit obligations

The Group's obligations in respect of employee benefit obligations for employees who are entitled to receive it upon retirement under the Thai Labor Protection Act and other benefits according to the Group policy; are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by using the projected unit credit method.

The Company recognised expense for defined employee benefit plans as personnel expenses in the statement of profit or loss and other comprehensive income.

The actuarial gains (losses) are recognised in other comprehensive income and transferred immediately to the retained earnings in the period in which they arise.

### 3.10 Long-term lease

#### Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as an operating lease. Rentals applicable to such operating leases are charged to the statement of profit or loss and other comprehensive income by the straight-line method over the lease term.

#### Finance lease

Lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Group is accounted for as a finance lease. The Group capitalised the asset at the lower of estimated present value of the underlying lease payments or at the fair value of the asset at the contractual date. The depreciation of the leased assets are calculated by using the straight-line method over their estimated useful lives. Interest or financial charge is recognised by effective interest rate method over the term of contracts. Interest or financial charge and depreciation are recognised as expenses in the statement of profit or loss and other comprehensive income.

### 3.11 Recognition of revenue and expense

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of goods are transferred to the buyer and 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. Revenue from the sales of goods is recognised upon delivery of goods to customer for domestic sales and to a common carrier for export sales, and deducting discounts, purchase volume discount and goods returned.

Management fee income is recognised as revenue when the service is rendered.

Interest income is recognised on an accrual basis by reference to the principal outstanding at the contract rate.

Other income and expenses are recognised on an accrual basis.

### 3.12 Finance costs

Finance costs such as interest expenses and similar expenses are recognised in the statement of profit or loss and other comprehensive income for the period in which they are incurred, except to the extent that finance costs are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

### 3.13 Income tax

Income tax (expense) income is calculated based on the taxable profit multiplied by the tax rate that has been enacted at the statement of financial position date and adjusted by the effect of deferred income tax accounting.

Deferred tax assets and liabilities resulted from temporary differences between the carrying amounts of assets or liabilities in the statement of financial position and their tax bases. The Group recognises deferred tax liabilities for all taxable temporary differences and recognises deferred tax assets for deductible temporary differences and tax losses carried forward. The Group recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each statement of financial position date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax income (expenses) are charged or credited in the statement of profit or loss and other comprehensive income, except when the temporary differences relate to items charged directly to equity where the related deferred tax is charged or credited to such item in equity.

#### 3.14 Earnings (loss) per share

Basic earnings (loss) per share are calculated based on the profit (loss) for the year divided by the weighted average number of ordinary shares held by shareholders outstanding during the year.

#### 3.15 Foreign currency transactions

Transactions denominated in foreign currencies are converted into Baht at rates of exchange prevailing at the transaction dates. All balances of assets and liabilities in foreign currencies outstanding at the end of the year, except forward foreign exchange contracts, are converted into Baht at the reference exchange rates established by the Bank of Thailand on that date. Gains or losses on foreign exchange are recognised as an income or expenses in the statement of profit or loss and other comprehensive income.

The Group has adopted a policy to cover foreign exchange exposure by entering into forward exchange contracts with banks for a certain portion of its assets and liabilities in foreign currencies. The Group recognises gains or losses from the adjustment in the value of such forward exchange contracts incurred from the difference between the forward contract rate and marked-to-market rate for the remaining period of forward exchange contracts at the statement of financial position date as income or expense in the statement of profit or loss and other comprehensive income.

#### 3.16 Financial instruments

The Group entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Notes 31 and 32.

Gains and losses on forward foreign exchange contracts designated as hedges of existing assets and liabilities are recognised as income or expense in the statement of profit or loss and other comprehensive income.

Amounts to be paid and received are offset in the statement of financial position and included in assets or liabilities in the statement of financial position.

The Group has no policy to speculate in or engage in the trading of any derivative financial instruments.

### 3.17 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of TAS 17 (Revised 2014), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in TAS 2 (Revised 2014) or value in use in TAS 36 (Revised 2014).

In addition, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.18 Use of accounting estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying accounting estimates are as follows:

#### Impairment

An impairment loss is recognised if the carrying value of an asset exceeds the recoverable amount which is a higher of fair value less costs of disposal and value in use.

Value in use is computed from the present value of future cash flow projections expected from perpetual use of the asset, under current business conditions using reasonable market estimates.

#### Recognition of deferred tax asset

A deferred tax asset is recognised to the extent that it is probable that it will be utilised in the future. Such an assessment is based upon the probability that the Company will generate taxable income sufficient to fully utilise the deferred tax assets.

## 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

### 4.1 Cash and cash equivalents as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Cash	1	1	-	-
Bank deposits in current accounts	31,307	130,337	399	421
Bank deposits in savings accounts	755,396	578,212	721,581	478,045
Time deposits with maturity not more than 3 months	400,042	50	400,042	50
Total	<u>1,186,746</u>	<u>708,600</u>	<u>1,122,022</u>	<u>478,516</u>

### 4.2 Other non-cash adjustment items for the years ended March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Allowance for diminution in value of inventory and inventory obsolescence	9,181	6,399	-	-
(Gain) loss on sale of property, plant and equipment and intangible asset	10,501	(2,886)	11	-
Loss from writing off of property, plant and equipment and intangible asset	1	38	1	1
Loss from writing off of inventories	2,494	-	-	-
Total	<u>22,177</u>	<u>3,551</u>	<u>12</u>	<u>1</u>

### 4.3 Other cash (paid) received from operating activities for the years ended March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
(Increase) decrease in other current assets and other non-current assets	(10,857)	23,826	6,863	(919)
(Decrease) increase in other current liabilities and other non-current liabilities	(7,406)	(3,520)	2,174	(995)
Cash paid for employee benefit obligations	(13,655)	(10,719)	(6,136)	(4,260)
Total	<u>(31,918)</u>	<u>9,587</u>	<u>2,901</u>	<u>(6,174)</u>

- 4.4 Adjustment of cash occurred from borrowings for the years ended March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Interest paid	<u>(125,825)</u>	<u>(230,539)</u>	<u>(70,743)</u>	<u>(140,855)</u>

- 4.5 Non-cash transactions in the consolidated and separate financial statements are as follows:

- The recording of investment in available-for-sale securities in the consolidated financial statements at fair value. For the years ended March 31, 2016 and 2015, the Group recorded unrealised gain (loss) on such investments of Baht 1.7 million and Baht (0.1) million, respectively.
- Non-cash item from purchases and increase of property, plant and equipment and intangible asset as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Payables for property, plant and equipment and intangible asset brought forward	12,271	11,868	201	525
<u>Add</u> Purchase during the years	<u>198,878</u>	<u>153,825</u>	<u>9,259</u>	<u>3,374</u>
<u>Less</u> Payment during the years	<u>(197,934)</u>	<u>(153,422)</u>	<u>(6,816)</u>	<u>(3,698)</u>
Payable for property, plant and equipment and intangible asset carried forward	<u>13,215</u>	<u>12,271</u>	<u>2,644</u>	<u>201</u>

## 5. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Trade accounts receivable - related parties (see Note 28)	175,368	-	-	-
Trade accounts receivable - other companies (see Note 6)	460,774	660,084	-	-
Other receivables - related parties (see Note 28)	950	812	35,739	35,389
Other receivables - other companies	12,329	9,519	2,819	1
Prepaid expenses	<u>17,972</u>	<u>20,309</u>	<u>10,657</u>	<u>6,841</u>
Total	<u>667,393</u>	<u>690,724</u>	<u>49,215</u>	<u>42,231</u>



## 6. TRADE ACCOUNTS RECEIVABLE - OTHER COMPANIES

Trade accounts receivable - others companies as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Within credit terms	442,720	612,748	-	-
Overdue:				
Not over 3 months	13,393	28,532	-	-
Over 3 months to 6 months	307	9,634	-	-
Over 6 months to 12 months	3,585	7,960	-	-
Over 12 months	22,644	23,085	-	-
Total	482,649	681,959	-	-
<u>Less</u> Allowance for doubtful accounts	(21,875)	(21,875)	-	-
Total	460,774	660,084	-	-

In 2008, the Group has entered into a "Receivable Purchase Agreement" with a financial institution which all risks and rewards only for the amount accepted by the buyer have been transferred to the buyer.

For the years ended March 31, 2016 and 2015, the Group had sold trade receivables to the aforementioned financial institution amounting to Baht 6,700 million and Baht 9,137 million, respectively.

## 7. SHORT-TERM LOANS

Short-term loans as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Short-term loans to related parties (see Note 28)	-	-	1,965,744	1,612,507
Current portion of long-term loans to related parties (see Note 28)	-	-	200,000	865,000
Total	-	-	2,165,744	2,477,507

## 8. INVENTORIES

Inventories as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Finished goods	496,370	858,642	-	-
Work in process	156,228	464,587	-	-
Raw materials	498,536	526,728	-	-
Spare parts	659,269	718,513	-	-
Supplies and others	400,926	471,599	-	-
Raw materials in transit	123,687	218,888	-	-
Total	2,335,016	3,258,957	-	-
<u>Less</u> Allowance for diminution in value of inventory, and inventory obsolescence	(38,601)	(36,279)	-	-
Total	2,296,415	3,222,678	-	-

For the year ended March 31, 2016, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 7 million had been reversed and the allowance for diminution in value of inventory and inventory obsolescence were recorded as part of cost of sales amounting to Baht 9 million.

For the year ended March 31, 2015, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 19 million had been reversed and the allowance for diminution in value of inventory and inventory obsolescence were recorded as part of cost of sales amounting to Baht 6 million.

The amounts of inventories recognised as an expense in the consolidated financial statements for the years ended March 31, 2016 and 2015 were Baht 15,783 million and Baht 20,801 million, respectively.

## 9. OTHER CURRENT ASSETS

Other current assets as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Value added tax refundable	10,444	11	-	-
Other current assets	17,033	29,246	1,832	2,799
Total	<u>27,477</u>	<u>29,257</u>	<u>1,832</u>	<u>2,799</u>

## 10. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at March 31, consist of:

	Ownership interest (%)		Separate financial statements				Unit : Thousand Baht	
			Paid-up capital		Investments at cost		Dividend income	
			2016	2015	2016	2015	2016	2015
<b>Investment in equity</b>								
The Siam Iron and Steel (2001) Company Limited	99.99	99.99	120,000	120,000	2,554,386	2,554,386	102,000	-
The Siam Construction Steel Company Limited	99.99	99.99	1,750,000	1,750,000	3,656,874	3,656,874	175,000	105,000
N.T.S. Steel Group Public Company Limited	99.76	99.76	<u>4,627,965</u>	<u>4,627,965</u>	<u>9,181,787</u>	<u>9,181,787</u>	-	-
Total			6,497,965	6,497,965	15,393,047	15,393,047	277,000	105,000
Less Allowance for impairment of investment			-	-	(3,380,000)	(3,380,000)	-	-
Total			<u>6,497,965</u>	<u>6,497,965</u>	<u>12,013,047</u>	<u>12,013,047</u>	<u>277,000</u>	<u>105,000</u>

As at March 31, 2016 and 2015, the Group has made an assessment of impairment loss on investment in subsidiaries and no additional impairment was necessary.

## 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at March 31, consist of:

As at March 31, 2016

	Unit : Thousand Baht				
	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
<b>Consolidated financial statements</b>					
<b>Cost</b>					
Land	714,611	-	-	-	714,611
Land improvement, building and structure	4,481,291	-	(2,420)	13,142	4,492,013
Machinery and equipment	14,902,648	11,268	(45,548)	170,070	15,038,438
Vehicles	3,327	-	(23)	51	3,355
Furniture, fixtures and office equipment	192,828	7,916	(5,490)	6,210	201,464
Total cost	<u>20,294,705</u>	<u>19,184</u>	<u>(53,481)</u>	<u>189,473</u>	<u>20,449,881</u>
<b>Accumulated depreciation</b>					
Land improvement, building and structure	(2,589,053)	(81,206)	1,882	-	(2,668,377)
Machinery and equipment	(9,567,037)	(364,049)	31,589	-	(9,899,497)
Vehicles	(3,327)	(2)	23	-	(3,306)
Furniture, fixtures and office equipment	(156,869)	(11,696)	5,447	-	(163,118)
Total accumulated depreciation	<u>(12,316,286)</u>	<u>(456,953)</u>	<u>38,941</u>	<u>-</u>	<u>(12,734,298)</u>
	7,978,419				7,715,583
<b>Less</b> Allowance for impairment on plant and equipment	<u>(2,917,381)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,917,381)</u>
	5,061,038				4,798,202
Construction in progress, machinery and equipment under installation	53,238	179,630	-	(189,473)	43,395
Property, plant and equipment	<u>5,114,276</u>				<u>4,841,597</u>

As at March 31, 2015

	Unit : Thousand Baht				
	Balance as at April 1, 2014	Addition	Disposal	Transfer	Balance as at March 31, 2015
<b>Consolidated financial statements</b>					
<b>Cost</b>					
Land	714,611	-	-	-	714,611
Land improvement, building and structure	4,453,392	12,534	-	15,365	4,481,291
Machinery and equipment	14,859,212	48,993	(41,633)	36,076	14,902,648
Vehicles	3,461	-	(134)	-	3,327
Furniture, fixtures and office equipment	186,233	6,134	(1,515)	1,976	192,828
Total cost	<u>20,216,909</u>	<u>67,661</u>	<u>(43,282)</u>	<u>53,417</u>	<u>20,294,705</u>
<b>Accumulated depreciation</b>					
Land improvement, building and structure	(2,507,697)	(81,356)	-	-	(2,589,053)
Machinery and equipment	(9,224,204)	(362,139)	19,306	-	(9,567,037)
Vehicles	(3,418)	(43)	134	-	(3,327)
Furniture, fixtures and office equipment	(143,725)	(14,550)	1,406	-	(156,869)
Total accumulated depreciation	<u>(11,879,044)</u>	<u>(458,088)</u>	<u>20,846</u>	<u>-</u>	<u>(12,316,286)</u>
	8,337,865				7,978,419
<b>Less</b> Allowance for impairment on plant and equipment	<u>(2,939,708)</u>	<u>-</u>	<u>22,327</u>	<u>-</u>	<u>(2,917,381)</u>
	5,398,157				5,061,038
Construction in progress, machinery and equipment under installation	21,505	85,150	-	(53,417)	53,238
Property, plant and equipment	<u>5,419,662</u>				<u>5,114,276</u>
<b>Depreciation for the years ended March 31,</b>					
2016					<u>456,953</u>
2015					<u>458,088</u>

For the year ended March 31, 2016, N.T.S. Steel Group Pcl. (“the subsidiary”) wrote off machinery and equipment damaged from fire with net book value of Baht 14.49 million as at April 17, 2015.

As at March 31, 2016 and 2015, the Group has made an assessment of impairment loss on property, plant and equipment and no additional impairment was necessary.

As at March 31, 2016

	Unit : Thousand Baht				
	Separate financial statements				
	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
Furniture, fixtures and office equipment	79,234	1,700	(2,215)	-	78,719
<u>Less</u> Accumulated depreciation	<u>(70,303)</u>	<u>(3,294)</u>	<u>2,185</u>	<u>-</u>	<u>(71,412)</u>
	8,931				7,307
Furnishings Fixtures and office equipment during installation.	-	7,495	-	-	7,495
Property, plant and equipment	<u>8,931</u>				<u>14,802</u>

As at March 31, 2015

	Unit : Thousand Baht				
	Separate financial statements				
	Balance as at April 1, 2014	Addition	Disposal	Transfer	Balance as at March 31, 2015
Furniture, fixtures and office equipment	77,218	999	(344)	1,361	79,234
<u>Less</u> Accumulated depreciation	<u>(66,052)</u>	<u>(4,542)</u>	<u>291</u>	<u>-</u>	<u>(70,303)</u>
	11,166				8,931
Furnishings Fixtures and office equipment during installation.	-	1,361	-	(1,361)	-
Property, plant and equipment	<u>11,166</u>				<u>8,931</u>
<b>Depreciation for the years ended March 31,</b>					
2016					<u>3,294</u>
2015					<u>4,542</u>

Costs of fully depreciated plant and equipment that are still in use as at March 31, are as follows:

	Consolidated Financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Costs of fully depreciated plant and equipment	<u>5,582,035</u>	<u>5,450,378</u>	<u>62,789</u>	<u>62,657</u>

As at March 31, there is office equipment under finance lease agreements of the Group included in the property, plant and equipment as follows:

	Consolidated Financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Cost of asset under finance lease agreements	42,884	43,838	42,339	43,293
<u>Less</u> Accumulated depreciation	<u>(42,884)</u>	<u>(43,838)</u>	<u>(42,339)</u>	<u>(43,293)</u>
Asset under finance lease agreements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Property, plant and equipment of The Siam Iron and Steel (2001) Co., Ltd., The Siam Construction Steel Co., Ltd. and N.T.S. Steel Group Public Company Limited which have book value of Baht 3,551 million as at March 31, 2016 (Baht 3,792 million as at March 31, 2015) are used as collateral for the borrowings comprising long-term borrowings from two financial institutions (see Note 16.2).

The Group's management decided to temporarily cease operation of the Mini Blast Furnace ("MBF") at N.T.S., the Company's subsidiary, from the end of August 2011 to September 2016 due to MBF raw material prices are relatively higher than scrap prices with high volatility, thereby adversely impacting the viability of costs of steel produced through MBF route. For the years ended March 31, 2016 and 2015, depreciation and other expenses of MBF which incurred during the mothball period were totally Baht 15 million and Baht 28 million, respectively.

## 12. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2016

	Consolidated financial statements				Unit : Thousand Baht
	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
Computer software	247,988	64	(89)	-	247,963
<u>Less</u> Accumulated amortisation	<u>(158,604)</u>	<u>(24,306)</u>	<u>74</u>	<u>-</u>	<u>(182,836)</u>
	89,384				65,127
Computer software during installation	-	-	-	-	-
Intangible asset	<u>89,384</u>				<u>65,127</u>

As at March 31, 2015

	Consolidated financial statements				Unit : Thousand Baht
	Balance as at April 1, 2014	Addition	Disposal	Transfer	Balance as at March 31, 2015
Computer software	246,974	990	-	24	247,988
<u>Less</u> Accumulated amortisation	<u>(134,260)</u>	<u>(24,344)</u>	<u>-</u>	<u>-</u>	<u>(158,604)</u>
	112,714				89,384
Computer software during installation	-	24	-	(24)	-
Intangible asset	<u>112,714</u>				<u>89,384</u>

Amortisation for the years ended March 31,

2016	<u>24,306</u>
2015	<u>24,344</u>

As at March 31, 2016

	Unit : Thousand Baht				
	Separate financial statements				
	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
Computer software	238,577	64	-	-	238,641
<u>Less</u> Accumulated amortisation	(150,901)	(23,820)	-	-	(174,721)
	87,676				63,920
Computer software during installation	-	-	-	-	-
Intangible asset	87,676				63,920

As at March 31, 2015

	Unit : Thousand Baht				
	Separate financial statements				
	Balance as at April 1, 2014	Addition	Disposal	Transfer	Balance as at March 31, 2015
Computer software	237,563	990	-	24	238,577
<u>Less</u> Accumulated amortisation	(127,062)	(23,839)	-	-	(150,901)
	110,501				87,676
Computer software during installation	-	24	-	(24)	-
Intangible asset	110,501				87,676
<b>Amortisation for the years ended March 31,</b>					
2016					23,820
2015					23,839

Costs of fully amortised intangible asset that is still in use as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Costs of fully amortised intangible asset	6,158	4,546	1,644	32

### 13. GOODWILL

Goodwill as at March 31, is as follows:

	Unit : Thousand Baht Consolidated financial statements
Cost	5,607,769
<u>Less</u> Accumulated amortisation (up to March 31, 2008)	(1,491,432)
	4,116,337
<u>Less</u> Impairment loss of goodwill	(660,323)
As at March 31, 2015	3,456,014
As at March 31, 2016	3,456,014

Goodwill resulted from acquisition of The Siam Iron and Steel (2001) Company Limited, The Siam Construction Steel Company Limited and N.T.S. Steel Group Public Company Limited on November 29, 2002 by Tata Steel (Thailand) Public Company Limited.

Since April 1, 2008, the Group has ceased amortisation of goodwill and has changed to test of impairment of goodwill instead resulting in no amortisation expense being incurred on such goodwill in the consolidated financial statements for the years ended March 31, 2016 and 2015.

As at March 31, 2016 and 2015, the Group has made an assessment of impairment loss on goodwill and no additional impairment was necessary.

#### 14. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

Income tax expense for the years ended March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Current income tax per tax return form	68,052	29,628	-	-
Deferred tax				
Movements in temporary differences	1,140	(4,013)	(239)	(1,509)
Writing-off of deferred tax assets	-	199,734	-	-
Income tax (income) expense as included in statements of profit or loss and other comprehensive income	<u>69,192</u>	<u>225,349</u>	<u>(239)</u>	<u>(1,509)</u>

The difference between the tax rate of 20% for the years ended March 31, and the effective income tax rate compared to income before income tax are reconciled as follows:

	Unit : Thousand Baht Consolidated financial statements	
	2016	2015
Profit (loss) before income tax		
- Promoted sector, exempted from income tax	43,578	-
- Non-promoted sector	179,803	(385,693)
Total profit (loss) before income tax	<u>223,381</u>	<u>(385,693)</u>
Income tax for non-promoted sector at 20%	35,961	(77,139)
Effect of non-deductible expenses for tax purpose:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets and elimination entries	51,227	100,356
- Permanent differences	1,933	2,398
- Writing-off of deferred tax assets	-	199,734
Utilisation of tax loss carried forward which was not recognized as deferred tax asset	<u>(19,929)</u>	<u>-</u>
Income tax expense <sup>(1)</sup>	<u>69,192</u>	<u>225,349</u>

<sup>(1)</sup> The corporate income tax expense is based on the net taxable profit of each entity not based on the consolidation basis.

Temporary differences not accounted for as deferred tax assets as at March 31, 2016 and 2015 amounting to Baht 51 million and Baht 100 million, respectively, resulted from the loss from the Group's operations because it is uncertain about the probability that the Group can utilise the deferred tax assets arising from such loss.

Due to the Group utilised tax loss carried forward not recognized<sup>S</sup> as deferred tax asset in the year ended March 31, 2015 in income tax calculation. As a result, the Group's income tax expense for the year ended March 31, 2016 decreased by Baht 19.93 million.

	Unit : Thousand Baht Separate financial statements	
	2016	2015
Profit before income tax	53,936	13,488
Income tax at 20%	10,787	2,698
Effect of non-deductible expenses (income) for tax purpose:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets	43,210	14,137
- Permanent differences such as dividend income	(54,236)	(18,344)
Income tax income	<u>(239)</u>	<u>(1,509)</u>
	<b>Tax rate</b>	<b>Tax rate</b>
	<b>%</b>	<b>%</b>
Effective Tax Rate	(0)	(11)

For the years ended March 31, 2016 and 2015, the effective tax rate is lower than the statutory tax rate because the Company has net taxable loss for the year resulted from the dividend income which is exempted from corporate income tax.

As at March 31, deferred tax assets (deferred tax liabilities) which resulted from the temporary differences between the carrying amount and its tax base of an asset and liability in the statements of financial position are as follows:

	Unit : Thousand Baht Consolidated financial statements			
	Balance as at April 1, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2016
Deferred tax assets resulted from				
Employee benefit obligations	30,723	1,659	-	32,382
Allowance for diminution in value of inventory and inventory obsolescence	1,958	(197)	-	1,761
Allowance for doubtful accounts	736	-	-	736
Deferred tax assets	<u>33,417</u>	<u>1,462</u>	<u>-</u>	<u>34,879</u>
Deferred tax liabilities resulted from				
Available-for-sales investments	-	-	(340)	(340)
Profit from derivatives assets	-	(2,602)	-	(2,602)
Deferred tax liabilities	<u>-</u>	<u>(2,602)</u>	<u>(340)</u>	<u>(2,942)</u>
Deferred tax assets	<u>33,417</u>	<u>(1,140)</u>	<u>(340)</u>	<u>31,937</u>



	Unit : Thousand Baht			
	Consolidated financial statements			
	Balance as at April 1, 2014	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2015
Deferred tax assets resulted from				
Employee benefit obligations	26,019	3,598	1,106	30,723
Allowance for diminution in value of inventory and inventory obsolescence	1,270	688	-	1,958
Accumulated tax loss carried forward	199,734	(199,734)	-	-
Profit on inventory from inter-company sales	212	(212)	-	-
Allowance for doubtful accounts	797	(61)	-	736
Deferred tax assets	<u>228,032</u>	<u>(195,721)</u>	<u>1,106</u>	<u>33,417</u>

As at March 31, 2016 and 2015, the Group had unused tax losses of Baht 5,748 million and Baht 5,818 million, respectively, which was not recognised as deferred tax assets. Such tax losses will gradually expire from March 2016 to November 2022.

	Unit : Thousand Baht			
	Separate financial statements			
	Balance as at March 31, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2016
Deferred tax assets resulted from				
Employee benefit obligations	10,314	540	-	10,854
Deferred tax liabilities resulted from				
Profit from derivatives assets	-	(301)	-	(301)
Deferred tax assets	<u>10,314</u>	<u>239</u>	<u>-</u>	<u>10,553</u>

	Unit : Thousand Baht			
	Separate financial statements			
	Balance as at March 31, 2014	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2015
Deferred tax assets resulted from				
Employee benefit obligations	<u>8,951</u>	<u>1,509</u>	<u>(146)</u>	<u>10,314</u>

As at March 31, 2016 and 2015, the Company had unused tax losses of Baht 360 million and Baht 139 million, respectively, which were not recognised as deferred tax assets. Such tax losses will gradually expire from March 2019 to March 2020.

According to the Revenue Code Amendment Act (No. 42) B.E. 2559 which is effective from March 5, 2016 onwards, the corporate income tax is reduced from 30% to 20% of net profit for accounting period beginning on or after January 1, 2016 onwards.

The Company used tax rate of 20% for income tax and deferred tax calculation for profit from non-promoted sector for the years ended March 31, 2016 and 2015. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exempted under the Revenue Code. As a result, the effective tax rates different from the tax rate under Revenue Code.

## 15. OTHER NON-CURRENT ASSETS

Other non-current assets as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
Income tax refundable	209,890	216,126	51,004	57,548
Other long-term receivable - TS Global Holdings Pte. Ltd. (Formerly Tata Steel Global Holdings Pte. Ltd.)	71,220	71,220	71,220	71,220
Others (see Note 34(b))	40,915	7,321	11,713	4,195
Total	<u>322,025</u>	<u>294,667</u>	<u>133,937</u>	<u>132,963</u>

In December 2009, a subsidiary had a dispute regarding the interpretation of tax computation and the propriety of tax loss carried forward for promoted sector and its utilisation, amounting to a tax element inclusive of surcharge of Baht 103 million. In order to avoid the surcharge, the subsidiary decided to pay such additional tax. Subsequently, on September 13, 2010, the subsidiary submitted the filing of a revised return for tax refund and has filed an appeal to the Board of Tax Appeal based on the legal advice, seeking a clarification on the process for adjustment of carry forward losses with BOI schemes. On May 26, 2011, the subsidiary issued a letter requesting a refund from the Revenue Department where the Revenue Department has acknowledged and is determining such request. As at March 31, 2016, the case is still pending.

## 16. BORROWINGS FROM FINANCIAL INSTITUTIONS

### 16.1 Short-term borrowings

Short-term borrowings from local financial institutions as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
Short-term borrowings from financial institutions	<u>2,044,148</u>	<u>2,298,949</u>	<u>-</u>	<u>120,000</u>

As at March 31, 2016 and 2015, the Group has borrowings from two financial institutions in the amount of Baht 1,498 million and Baht 2,179 million, respectively, bearing the interest rate at BIBOR+2% per annum which was an agreement for short-term credit facilities limit totaling of Baht 3,216 million for scrap purchasing, other raw materials and utilities.

As at March 31, 2015, the Company has borrowing from a financial institution in the amount of Baht 120 million, bearing the interest rate at 4.81% - 4.82% per annum for working capital. (2016 : nil)

As at March 31, 2016, the Group has borrowings from financial institutions in the amount of Baht 546 million for the trust receipt for billet purchasing, bearing the interest rate at LIBOR per annum (2015 : nil)

As at March 31, 2016 and 2015, the Group has agreements with 8 local financial institutions to obtain credit facilities limit of Baht 5,484 million and Baht 6,723 million for working capital. The interest rates of these credit facilities are as follows:

Credit Line	Interest rate
1) Bank Overdraft	Minimum Overdraft Rate (MOR)
2) Trust receipts (Baht)	Money Market Rate (MMR)
3) Promissory note	Money Market Rate (MMR)

As at March 31, 2016 and 2015, the Group has withdrawn the loans including letters of credit totaling Baht 1,534 million and Baht 824 million, respectively.

## 16.2 Long-term borrowings

The period to maturity of long-term borrowings (denominated in Thai Baht) as at March 31, are as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements 2016	2015	financial statements 2016	2015
Within one year	200,000	865,000	200,000	865,000
After one year but not over five years	-	200,000	-	200,000
Total	<u>200,000</u>	<u>1,065,000</u>	<u>200,000</u>	<u>1,065,000</u>

The long term borrowings comprising of 2 loan agreements, the first dated November 29, 2006 for Baht 5,000 million with interest rate at MLR-1.25% p.a., and the second dated November 9, 2007 for Baht 3,500 million with interest rate at MLR-2.00% p.a. and their amendments thereto. The loans are secured by the property, plant and equipment of all subsidiaries as mentioned in Note 11. The loans contain restrictions on financial ratios and shareholders' structure which is in accordance with requirements in loan agreements from financial institutions.

As at March 31, 2016 and 2015, the Company had a debt service coverage ratio ("DSCR") lower than the required ratio specified in the loan agreements with two financial institutions. Waivers for non-compliance of DSCR specified in the loan agreements of both lenders were obtained.

## 17. TRADE AND OTHER PAYABLES

Trade and other payables as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
Trade accounts payable - related parties (see Note 28)	459,311	290,265	-	-
Trade accounts payable - other companies	387,278	510,732	-	-
Other payables - related parties (see Note 28)	12,405	3,213	15,247	3,640
Other payables - other companies	18,856	24,830	8,285	12,746
Advance received from customer	102,507	134,484	-	-
Accrued expenses	362,898	418,078	57,235	39,564
Total	<u>1,343,255</u>	<u>1,381,602</u>	<u>80,767</u>	<u>55,950</u>

## 18. CURRENT PORTION OF LONG-TERM LIABILITIES

Current portion of long-term liabilities as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
Trade accounts payable of a subsidiary arising from restructuring (see Note 19)	6,327	6,327	-	-
Long-term borrowings from financial institutions (see Note 16.2)	200,000	865,000	200,000	865,000
Total	<u>206,327</u>	<u>871,327</u>	<u>200,000</u>	<u>865,000</u>

## 19. TRADE ACCOUNTS PAYABLE OF A SUBSIDIARY ARISING FROM RESTRUCTURING

As at March 31, 2012, the aforementioned trade accounts payable represent trade payable of N.T.S. Steel Group Public Company Limited under the Reorganisation Plan which was approved by the creditors' meeting on July 8, 2002 and the Central Bankruptcy Court on July 19, 2002. The creditors in these groups will receive repayment in full of their principal claims within 10 years. Condition in the Plan stated that the Company is able to select the repayment term commencing from the fifth year to the tenth year commencing from November 29, 2002. This debt is guaranteed by The Siam Iron and Steel (2001) Company Limited and The Siam Construction Steel Company Limited without guarantee fees.

As at March 31, 2016 and 2015, such payable is due within one year. Therefore, it is classified as current liabilities.

## 20. PROVIDENT FUND

The defined contribution plan comprise provident fund for its employees of the Group. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Group at the rates from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

For the years ended March 31, 2016 and 2015, the contribution of the Group recognised as expenses included in the consolidated statement of profit or loss and other comprehensive income amounting to Baht 40.97 million and Baht 39.58 million, respectively, and in the separate statement of profit or loss and other comprehensive income amounting to Baht 13.08 million and Baht 12.69 million, respectively.

## 21. LONG-TERM BORROWINGS

Long-term borrowings as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Long-term borrowings from a related party (see Note 28)	270,596	270,596	270,596	270,596
Long-term borrowings from financial institutions (see Note 16.2)	-	200,000	-	200,000
Total	<u>270,596</u>	<u>470,596</u>	<u>270,596</u>	<u>470,596</u>

## 22. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2016 and 2015, the Group recorded a provision for employee benefit obligations totaling Baht 171 million and Baht 158 million, respectively. The estimated liability was calculated based on the projected unit credit method by a qualified independent actuary.

The significant assumptions used for the purposes of the actuarial valuations are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate (%)	3.02 - 3.33	3.02 - 3.33	3.02	3.02
Average expected rate of salary increase (%)	5.05	5.05	5.05	5.05
Voluntarily resignation Rate (%)	0 - 27.00	0 - 27.00	0 - 27.00	0 - 27.00
Employee retirement age (year)	55 - 60	55 - 60	55 - 60	55 - 60

The benefit cost recognised in the statement of profit or loss and other comprehensive income for the years ended March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Past service cost	-	15,769	-	5,464
Current service cost	22,106	14,076	7,147	4,584
Interest cost	4,936	4,986	1,443	1,543
Total	<u>27,042</u>	<u>34,831</u>	<u>8,590</u>	<u>11,591</u>

The provisions for employee benefit obligations as at March 31, and movements in the present value of the defined benefit obligations for the years ended March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	Separate
	2016	2015	2016	2015
Present value of unfunded obligations	<u>171,269</u>	<u>157,881</u>	<u>50,304</u>	<u>47,850</u>

  

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	Separate
	2016	2015	2016	2015
Beginning of provision for employee benefit obligations	157,881	123,948	47,850	40,920
Other long-term employee benefit	-	2,075	-	332
Revised the beginning of provision for employee benefit obligations <sup>(1)</sup>	157,881	126,023	47,850	41,252
Past service cost	-	15,769	-	5,464
Current service cost	22,106	14,076	7,147	4,584
Interest cost	4,936	4,986	1,443	1,543
Net actuarial (gain) loss recognised during the years	-	7,746	-	(733)
Severance paid during the years	<u>(13,654)</u>	<u>(10,719)</u>	<u>(6,136)</u>	<u>(4,260)</u>
Ending of provision for employee benefit obligations	<u>171,269</u>	<u>157,881</u>	<u>50,304</u>	<u>47,850</u>

<sup>(1)</sup> Beginning provisions for employee benefit obligations are not equal to the ending of prior year because the Group has changed the method of other long-term employee benefit calculation according to the Group Policy.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligations as at March 31, 2016 are as follows:

	Unit : Thousand Baht	
	Consolidated	Separate
	financial statements	financial statements
Discount rate		
Discount rates, decrease of 1 percent	20,076	5,645
Discount rates, increase of 1 percent	(17,205)	(4,870)
Salary increased rates		
Salary increased rates, decrease of 1 percent	(16,620)	(4,808)
Salary increased rates, increase of 1 percent	19,036	5,463

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## 23. LEGAL RESERVE

According to the Public Companies Act B.E. 2535 requires that the Company and its subsidiary which is a public limited company shall allocate not less than 5% of their annual net profit, less any accumulated losses brought forward, if any, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the authorised shares capital. The legal reserve is not allowable for dividend distribution.

According to the Civil and Commercial Code, subsidiary companies which are limited company must appropriate to a reserve fund at each distribution of dividend at least one-twentieth of the profit arising from the business of that companies until the reserve fund reaches one-tenth part of capital of subsidiary companies. Such reserve is not allowable for distribution as dividends.

## 24. CAPITAL MANAGEMENT

The Group’s objective in managing capital is to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The management sets strategies to support the Group’s business operations to be more efficiency including setting dividend and capital management policies to maintain the optimal capital structure and cost of capital and to comply with the Debt Covenant Ratios.

## 25. OTHER INCOME

Other income for the years ended March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	Separate
	2016	2015	2016	2015
Gain on exchange rate - net	15,080	15,200	-	-
Dividend income from a subsidiary	-	-	276,999	105,000
Dividend income from other long-term investment	52,560	16,800	-	-
Interest income	3,700	8,576	49,007	114,804
Compensation from insurance company	34,689	-	-	-
Others	33,436	14,788	748	1,200
Total	<u>139,465</u>	<u>55,364</u>	<u>326,754</u>	<u>221,004</u>

## 26. EXPENSES BY NATURE

Significant expenses by nature for the years ended March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
Change in finished goods and work in process	667,006	722,783	-	-
Raw materials and consumables used	10,196,164	14,406,978	-	-
Store and supplies used	558,302	711,200	-	-
Fuel	591,872	790,042	-	-
Depreciation, amortisation and amortisation of rolling mill expenses	522,865	521,164	27,114	28,382
Employee benefits expenses	828,032	805,032	236,182	218,731
Utilities expenses	1,789,639	2,263,599	1,046	1,018
Repair and maintenance expenses	547,521	565,691	271	165
Contractor	186,489	176,187	-	-
Delivery and selling expenses	159,744	196,172	-	-
Bank charges	47,459	67,128	70	81
Premium on forward foreign exchange contract	14,689	13,366	2,200	-
Rent	49,632	48,308	27,623	27,263
Loss on allowance for diminution in value of inventory and inventory obsolescence (reversal)	2,322	(12,561)	-	-

## 27. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share for the years ended March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
<b>Basic earnings (loss) per share</b>				
Profit (loss) for the years	154,189	(611,042)	54,175	14,997
Net loss attributable to non-controlling interest	34	1,278	-	-
Net profit (loss) attributable to the owners of the parent	154,223	(609,764)	54,175	14,997
Weighted average number of ordinary shares	Shares	8,421,540,848	8,421,540,848	8,421,540,848
<b>Basic earnings (loss) per share</b>	<b>Baht</b>	<u>0.02</u>	<u>(0.07)</u>	<u>0.01</u>
		<u>(0.07)</u>	<u>0.01</u>	<u>0.00</u>

## 28. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties linked to the Group by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.



The pricing policies for particular types of transactions are explained as follows:

	<b>Pricing Policies</b>
Sales	Market price
Purchases	Market price
Management fees income	Contract rate
Service fee paid	Contract rate
Interest income	Contract rate
Interest expense	Contract rate

The major related parties as at March 31, 2016 are as follows:

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Ultimate parent company
Major shareholder	T S Global Holdings Pte. Ltd. (Formerly Tata Steel Global Holdings Pte. Ltd.)	Investing	Major shareholder
Subsidiaries	The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and managements
	The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and managements
	N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distributions and trading of steel bars, wire rods and small section products	Common shareholders and managements
Other parties	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
	NatSteel Trade International Pte. Ltd.	Trading	Same group of shareholders
	NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
	Tata International Metals Trading Asia Ltd.	Trading	Same group of shareholders
	Tata Steel Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
	Tata Refractories Ltd.	Manufacture refractory	Same group of shareholders
	NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders
	Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
	Tata International Singapore Pte. Ltd.	Trading	Same group of shareholders
	Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
	Tata Consultancy Services (Thailand) Ltd.	Software services	Same group of shareholders
	Tata Consultancy Services Ltd.	Software services	Same group of shareholders
	Tata Services Limited	Training services	Same group of shareholders
	Tata Sons Limited	Investment holdings and consultancy services	Same group of shareholders
	Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
	Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
	Mjunction Services Limited	Trading and procurement	Same group of shareholders
	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Indirect shareholding by subsidiary
	Tata Steel Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
	Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
Tata Steel Nederland Services B.V.	Manufacture steel	Same group of shareholders	
Tata South East Asia Limited	Manufacture steel	Same group of shareholders	
TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders	
Tata International Limited	Trading	Same group of shareholders	
Tata Steel Processing and Distribution Limited	Processing and distribution steel	Same group of shareholders	
Tata Projects Limited	Infrastructure projects	Same group of shareholders	

Balances with related parties as at March 31, consist of:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
<b>Trade accounts receivable - related parties</b>				
Tata Steel Limited	170,752	-	-	-
TSN Wires Co., Ltd.	4,616	-	-	-
Total	<u>175,368</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at March 31, trade accounts receivable from related parties aged are as follows:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
Within credit terms	175,368	-	-	-
Overdue: not over 3 months	-	-	-	-
Total	<u>175,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other receivables - related parties</b>				
Tata Steel Limited	16	24	16	10
The Siam Iron and Steel (2001) Co., Ltd.	-	-	9,038	1,482
The Siam Construction Steel Co., Ltd.	-	-	15,906	17,607
N.T.S. Steel Group Public Company Limited	-	-	10,650	16,290
Siam Steel Mill Services Co., Ltd.	805	788	-	-
Tata Sons Limited	129	-	129	-
Total	<u>950</u>	<u>812</u>	<u>35,739</u>	<u>35,389</u>
<b>Short-term loans to a related party</b>				
N.T.S. Steel Group Public Company Limited	-	-	1,965,744	1,612,507

Short-term loans to related parties are non-collateralised loans which are not specified maturity date, carrying interest rate as at March 31, 2016 and 2015 at 1% - 5.5% per annum.

Movements during the years on short-term loans to a related party are as follows:

	Consolidated	Unit : Thousand Baht
	financial statements	Separate
As at March 31, 2014	-	382,190
Increase	-	1,230,317
As at March 31, 2015	-	1,612,507
Increase	-	353,237
As at March 31, 2016	-	1,965,744

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
<b>Long-term loans to a related party</b>				
N.T.S. Steel Group Public Company Limited (Interest at MLR-2.00% p.a.)	-	-	200,000	1,065,000

The long-term loans to a related party are non-collateralised loan according to the loan agreement dated November 9, 2007.

In November 2012, the Company made the supplement to the long-term loan agreement in order to extend the first installment repayment to November 30, 2012 and the last installment repayment is on August 31, 2016 with carrying interest rate of MLR-2.00% per annum.

During the years ended March 31, 2016 and 2015, there was no additional long-term loan granted to a related party and the Company received the long-term loan repayment from a related party of Baht 865 million and Baht 1,610 million, respectively.

The maturity period of repayment as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
Within one year	-	-	200,000	865,000
After one year but not over five years	-	-	-	200,000
Total	-	-	200,000	1,065,000
<b>Other non-current asset</b>				
T S Global Holdings Pte. Ltd.* (Formerly Tata Steel Global Holdings Pte. Ltd.)	71,220	71,220	71,220	71,220

\* The Company had paid for the advance payment for Brand Promotion fee, approximately Baht 71 million in 2008. During the year 2014, the receivable was changed from Tata Sons Limited to T S Global Holdings Pte. Ltd. (Formerly Tata Steel Global Holdings Pte. Ltd.)

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2016	2015	2016	2015
<b>Trade accounts payable - related parties</b>				
NatSteel Recycling Pte. Ltd.	(498)	84,207	-	-
Tata International Metals trading Asia Ltd.	436,940	179,848	-	-
Tata International Singapore Pte. Ltd.	5,340	4,370	-	-
Siam Steel Mill Services Co., Ltd.	17,529	21,840	-	-
Total	459,311	290,265	-	-
<b>Other payables - related parties</b>				
Tata Steel Limited	326	-	326	-
The Siam Iron and Steel (2001) Co., Ltd.	-	-	825	95
The Siam Construction Steel Co., Ltd.	-	-	2,206	1,483
N.T.S. Steel Group Public Company Limited	-	-	117	115
The Siam Industrial Wire Co., Ltd.	-	441	-	-
Tata Steel UK Ltd.	-	12	-	12
Tata Consultancy Services (Thailand) Ltd.	-	1,902	-	1,902
Tata Sons Limited	11,773	33	11,773	33
Siam Steel Mill Services Co., Ltd.	306	825	-	-
Total	12,405	3,213	15,247	3,640
<b>Advance received from customer</b>				
The Siam Industrial Wire Co., Ltd.	46,100	99,658	-	-

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
<b>Short-term borrowings from related parties</b>				
T S Global Holdings Pte. Ltd. (Formerly Tata Steel Global Holdings Pte. Ltd.) (Interest at LIBOR + 2.5% p.a.)	201,822	-	201,822	-
The Siam Iron and Steel (2001) Co., Ltd. (Interest at 1.5% p.a.)	-	-	532,352	101,455
The Siam Construction Steel Co., Ltd. (Interest at 1.5% p.a.)	-	-	1,519,414	1,129,905
Total	<u>201,822</u>	<u>-</u>	<u>2,253,588</u>	<u>1,231,360</u>

Short-term borrowings from related parties are non-collateralised which are not specified maturity date are.

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
<b>Long-term borrowing from a related party**</b>				
TS Global Holdings Pte. Ltd. (Formerly Tata Steel Global Holdings Pte. Ltd.)	<u>270,596</u>	<u>270,596</u>	<u>270,596</u>	<u>270,596</u>

\*\* The Company requested for the extension of long-term borrowing repayment from a related party that falls due on August 31, 2016 to December 31, 2017. The Company has obtained a confirmation letter from such related party. The long-term borrowing from a related party carries no interest.

Significant transactions for the years ended March 31, with related parties are summarised as follows:

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
<b>Revenues</b>				
Sales				
Tata Steel Limited	666,183	212,103	-	-
The Siam Industrial Wire Co., Ltd.	464,640	666,717	-	-
TSN Wires Co., Ltd.	36,154	31,450	-	-
Total	<u>1,166,977</u>	<u>910,270</u>	<u>-</u>	<u>-</u>
Interest income				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	-	7,262
N.T.S. Steel Group Public Company Limited	-	-	45,636	99,449
Total	<u>-</u>	<u>-</u>	<u>45,636</u>	<u>106,711</u>
Management fees income***				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	67,699	12,000
The Siam Construction Steel Co., Ltd.	-	-	131,918	170,505
N.T.S. Steel Group Public Company Limited	-	-	12,009	162,440
Total	<u>-</u>	<u>-</u>	<u>211,626</u>	<u>344,945</u>

\*\*\* In 2010, the parent company made the agreement for management fee by determining based on 2.0% of the annual net sales. In case that subsidiaries have the annual loss excluding management fee, the parent company shall charge such management fee not exceeding Baht 1 million per month. This agreement is effective on April 1, 2010, onwards.

	Consolidated		Unit : Thousand Baht	
	financial statements	financial statements	Separate	financial statements
	2016	2015	2016	2015
Dividend received				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	101,999	-
The Siam Construction Steel Co., Ltd.	-	-	175,000	-
Siam Steel Mill Services Co., Ltd.	52,560	16,800	-	-
Total	<u>52,560</u>	<u>16,800</u>	<u>276,999</u>	<u>-</u>
Other income				
Siam Steel Mill Services Co., Ltd.	8,059	8,703	-	-
<b>Expenses</b>				
<b>Purchases</b>				
NatSteel Trade International Pte. Ltd.	-	273,247	-	-
NatSteel Recycling Pte. Ltd.	239	404,142	-	-
Tata International Metals Trading Asia Ltd.	1,917,153	181,782	-	-
Tata Steel Asia (Hong Kong) Ltd.	-	1,452	-	-
Tata International Singapore Pte. Ltd.	24,243	24,774	-	-
Siam Steel Mill Services Co., Ltd.	182,971	221,788	-	-
Tata International Limited	22,790	18,539	-	-
Total	<u>2,147,396</u>	<u>1,125,724</u>	<u>-</u>	<u>-</u>
<b>Interest expenses</b>				
TS Global Holdings Pte. Ltd. (Formerly Tata Steel Global Holdings Pte. Ltd.)	6,880	-	6,880	-
The Siam Iron and Steel (2001) Co., Ltd.	-	-	5,062	50
The Siam Construction Steel Co., Ltd.	-	-	20,076	12,703
N.T.S. Steel Group Public Company Limited	-	-	-	182
Total	<u>6,880</u>	<u>-</u>	<u>32,018</u>	<u>12,935</u>
<b>Other expenses</b>				
Tata Steel Limited	720	11	720	11
The Siam Industrial Wire Co., Ltd.	240	-	-	-
NatSteel Holdings Pte. Ltd.	60	80	20	40
Tata Consultancy Services (Thailand) Ltd.	-	11,092	-	11,092
Tata Sons Limited	754	757	754	757
Mjunction Services Limited	489	-	-	-
Siam Steel Mill Services Co., Ltd.	9,000	8,099	-	-
Total	<u>11,263</u>	<u>20,039</u>	<u>1,494</u>	<u>11,900</u>
<b>Key management compensation</b>				
Short-term employee benefits	56,095	57,797	56,095	57,797
Post-employment benefits	14,046	15,803	14,046	15,803
Total	<u>70,141</u>	<u>73,600</u>	<u>70,141</u>	<u>73,600</u>

## 29. INVESTMENT PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, a subsidiary has been granted privileges by the Board of Investment (“BOI”) relating to the following:

Subsidiary	Promoted Business	Exemption from corporate income tax
N.T.S. Steel Group Public Company Limited	Manufacturing of steel wire rods	April 2006 - April 2014
N.T.S. Steel Group Public Company Limited	Manufacturing of steel hot metal, pig iron and steel billet	November 2009 - November 2017
The Siam Iron and Steel (2001) Co., Ltd.	Manufacturing of steel sections and wire rods	December 2015 - November 2018

As a promoted company, the subsidiaries must comply with certain conditions and restrictions provided for in the promotional certificates.

### 30. REVENUES REPORTING OF A PROMOTED INDUSTRY

According to the Announcement of the Board of the Investment No. 14/2541 dated December 30, 1998, regarding revenues reporting of a promoted industry, the Company is required to report the revenues from domestic sales and export sales separately and to report separately between the promoted and non-promoted sectors. Such information is as follows: (Separate financial statements : No promoted business)

	Unit : Million Baht		
	Consolidated Financial Statement		
	For the year ended March 31, 2016		
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	-	15,008	15,008
Revenue from export sales	-	1,725	1,725
Total revenues from sales	-	16,733	16,733
Other income	-	139	139
Total revenues	-	16,872	16,872

	Unit : Million Baht		
	Consolidated Financial Statement		
	For the year ended March 31, 2015		
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	39	19,721	19,760
Revenue from export sales	3	1,592	1,595
Total revenues from sales	42	21,313	21,355
Other income	-	55	55
Total revenues	42	21,368	21,410

### 31. FINANCIAL INSTRUMENTS

#### Credit Risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect against this risk by assessing the credit worthiness of customers, defining credit limits, checking credit insurance cover, asking for bank guarantees and/or personal guarantees, credit terms, controlling credit utilisation and reviewing collections. The credit risk is the fair value of trade accounts receivable and other receivables presented in the statement of financial position which are the balance net of an allowance for doubtful accounts estimated by management.

#### Interest Rate Risk and Foreign Exchange Rate

Interest rate risk occurs from the Group maintains its loans and borrowings at floating rate.

Foreign exchange risk occurs from the fluctuating of foreign currency. The Group has no policy to use financial derivatives for speculation or trading.

In addition, in order to manage risk from fluctuation in foreign exchange currency, the Group has entered into forward foreign exchange contracts to hedge its debts as disclosed in Note 32.

## 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.

### 32. FORWARD FOREIGN EXCHANGE CONTRACTS

The Group entered into forward foreign exchange contracts - bought/sold to cover foreign exchange exposure on liabilities associated with its trade accounts payable denominated in foreign currency of the Group. The Group does not enter into financial instruments for speculative or trading purposes.

The contractual amounts of the Group's forward foreign exchange contracts are as follows:

Consolidated financial statements					
As at March 31, 2016					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
<b>Forward exchange contracts - bought</b>					
USD	12,256,000	34.97 - 35.30	May 31 - November 15, 2016	431,056	1,923
USD	34,778,000	35.60 - 36.37	April 29 - October 28, 2016	1,252,394	(23,359)
EUR	194,190	39.44 - 40.02	May 31 - July 29, 2016	7,695	100
<b>Forward exchange contracts - sold</b>					
USD	4,000,000	35.00	June 30, 2016	140,000	(1,227)

Consolidated financial statements					
As at March 31, 2015					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
<b>Forward exchange contracts - bought</b>					
USD	213,578	32.59	May 22, 2015	6,960	6
USD	7,119,586	32.65 - 33.10	April 30 - October 30, 2015	233,850	(610)
SGD	1,400,000	24.74	September 30, 2015	34,636	(1,411)
EUR	130,000	41.19	July 31, 2015	5,355	(742)

Fair value of forward foreign exchange contracts - bought/sold as at March 31, is as follows:

	Unit : Thousand Baht	
	2016	2015
Derivative assets	2,023	6
Derivative liabilities	(24,586)	(2,763)
Net loss	<u>(22,563)</u>	<u>(2,757)</u>

### 33. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### Financial assets and financial liabilities measured at fair value

Fair value of financial assets and financial liabilities which are measured at fair value and their fair value hierarchy level classification as at March 31, 2016 and 2015 were summarised as follows:

Financial assets and financial liabilities	Consolidated financial statements		Separate financial statements		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	Fair value as at March 31, 2016 2015 (Thousand Baht)		Fair value as at March 31, 2016 2015 (Thousand Baht)			
<u>Financial assets</u>						
1. Foreign currency forward contracts	2,023	6	-	-	Level 2	Discounted cash flows The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2. Available-for-sale investments	2,200	500	-	-	Level 1	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
<u>Financial liabilities</u>						
1. Foreign currency forward contracts	24,586	2,763	2,837	-	Level 2	Discounted cash flows The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

These financial assets and financial liabilities are presented as part of other current assets and other current liabilities, respectively, in the statement of financial position.

#### Financial assets and financial liabilities not measured at fair value

Valuation technique for financial assets and financial liabilities not measured at fair value of the Group and the Company as at March 31, 2016 and 2015, are as follows:

Cash and cash equivalents, trade and other receivables, inventories, short-term loans to related parties, current portion of long-term loan to a related party and other current assets the carrying amounts are approximately to their fair values due to the relatively short-term maturity of these financial instruments.



The Group and the Company cannot disclose the fair value of other long-term investment which its cost of Baht 1,241 (see Note 2.6) because of time and cost limitation to determine the sufficiently reliable fair value.

Short-term loans from financial institutions, trade and other payables, short-term borrowing from related parties, current portion of long-term borrowings from financial institutions and other current liabilities - the carrying amounts are approximately to their fair values due to the relatively short-term maturity of these financial instruments.

Fair value of long-term borrowings from a related party bearing no interest rate are determined by discounted cash flows method. Future cash flows are discounted by using the weight average effective interest rate of borrowing cost from the financial institutions of the Group as follows:

	Unit : Thousand Baht				
	Consolidated		Separate		Fair value hierarchy
	financial statements		financial statements		
	As at March 31, 2016		As at March 31, 2016		
Carrying amount	Fair value	Carrying amount	Fair value		
<b>Financial liability</b>					
Long-term borrowing from a related party	270,596	247,417	270,596	247,417	Level 3

### 34. COMMITMENTS

As at March 31, 2016 and 2015, the Group had commitments as follows:

- (a) Letters of credit opened but are not qualified as liabilities as at March 31, are as follows:

Currencies	Unit : Thousand	
	Consolidated	
	2016	2015
USD	19,907	898
EUR	27	188

- (b) Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority and Industrial Estate Authority of Thailand as at March 31, 2016 and 2015 amounting to Baht 386 million of each year in the normal courses of business which have the deposit at financial institutions used as collateral of Baht 32.11 million (see Note 15).

- (c) Commitments on purchase and installation of machinery as at March 31, are as follows:

Currencies	Unit : Thousand	
	Consolidated	
	2016	2015
THB	670	11,931
EUR	-	36

- (d) As at March 31, the Group has operating lease commitment for land, office building, vehicles and office equipment (including service charges) as follows:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2016	2015	2016	2015
Within one year	28,330	39,886	13,149	23,915
After one year but not over five years	<u>33,960</u>	<u>58,816</u>	<u>14,252</u>	<u>26,284</u>
Total	<u>62,290</u>	<u>98,702</u>	<u>27,401</u>	<u>50,199</u>

For the years ended March 31, 2016 and 2015, rentals applicable to long-term lease and service have been recorded as expenses in the statements of profit or loss and other comprehensive income for the consolidated financial statements are Baht 49.63 million and Baht 48.31 million, respectively and for the separate financial statements are Baht 27.62 million and Baht 27.26 million, respectively.

### 35. CONTINGENT LIABILITIES

For fiscal year ended March 31, 2014, The Siam Construction Steel Company Limited, a subsidiary, received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16.29 million in respect of the half-year corporate income tax filing for the year ended March 31, 2008 which the subsidiary under-estimated the net profit for that year by an amount exceeding 25 percent of the actual net profit. The subsidiary considered that there was a reasonable event occurred in the second half of that year that caused the net-profit under-estimated. As of March 31, 2016, the subsidiary has made the appeal to the Revenue Department and the result of this assessment has not been finalised. However, the subsidiary expected that there would not be additional surcharge to be paid and has not recorded the provisions in the financial statements.

### 36. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the Group's internal reports that are regularly obtained and reviewed by the chief operating decision maker for the purpose of the allocation of resources to the segment and assess its performance.

The Group's operations involve the single business segment of the manufacture and distribution of long steel products, which is located in Thailand. Sales of the subsidiaries are mainly local sales whereas an export sale is not significant. As a result, all the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned business segment and geographic area.

### 37. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company for issuing on April 29, 2016.