
***THE SIAM CONSTRUCTION STEEL
COMPANY LIMITED***

Financial Statements

Year ended March 31, 2016



บริษัท ดีลอยท์ ทูเช่ โทมัทสึ ไชยยศ
สอบบัญชี จำกัด
อาคารจินนาการ ชั้น 25-26, 28
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS THE SIAM CONSTRUCTION STEEL COMPANY LIMITED

We have audited the financial statements of The Siam Construction Steel Company Limited, which comprise the statement of financial position as at March 31, 2016, and the related statement 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 financial statements present fairly, in all material respects, the financial position of The Siam Construction Steel Company Limited as at March 31, 2016, and its financial performance and its 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.

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	3,014,004	28,145,088
Trade and other receivables	5	626,758,441	549,343,328
Short-term loans to the parent company	22	1,519,414,189	1,129,905,446
Inventories	6	541,419,534	716,503,266
Other current assets		3,729,131	4,451,191
Total Current Assets		2,694,335,299	2,428,348,319
NON-CURRENT ASSETS			
Other long-term investment	2.2	1,241	1,241
Property, plant and equipment	7	353,984,875	417,014,803
Intangible asset	8	131,262	251,975
Deferred tax assets	9	6,826,928	6,991,528
Other non-current assets	10	148,058,049	123,909,550
Total Non-current Assets		509,002,355	548,169,097
TOTAL ASSETS		3,203,337,654	2,976,517,416

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

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	11	532,805,552	462,933,615
Trade and other payables	12	497,838,239	480,845,547
Current income tax payable		48,651,366	4,695,671
Other current liabilities	13	20,665,613	22,770,077
Total Current Liabilities		1,099,960,770	971,244,910
NON-CURRENT LIABILITIES			
Employee benefit obligations	15	36,624,803	32,916,181
Total Non-current Liabilities		36,624,803	32,916,181
TOTAL LIABILITIES		1,136,585,573	1,004,161,091
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorised share capital			
17,500,000 ordinary shares of Baht 100.00 each		1,750,000,000	1,750,000,000
Issued and paid-up share capital			
17,500,000 ordinary shares of Baht 100.00 each, fully paid		1,750,000,000	1,750,000,000
RETAINED EARNINGS			
Appropriated			
Legal reserve	16	157,905,652	146,295,157
Unappropriated		158,846,429	76,061,168
TOTAL SHAREHOLDERS' EQUITY		2,066,752,081	1,972,356,325
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,203,337,654	2,976,517,416

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

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
Revenue from sales		6,607,471,537	8,524,691,239
Cost of sales		6,166,765,520	8,199,319,844
Gross profit		<u>440,706,017</u>	<u>325,371,395</u>
Other income	18	<u>79,256,848</u>	<u>42,959,182</u>
Profit before expenses		<u>519,962,865</u>	<u>368,330,577</u>
Selling expenses		2,784,979	127,532
Administrative expenses		163,161,498	204,794,757
Finance costs		16,403,956	21,913,770
Total expenses		<u>182,350,433</u>	<u>226,836,059</u>
PROFIT BEFORE INCOME TAX EXPENSE		337,612,432	141,494,518
INCOME TAX EXPENSE	9	<u>68,216,676</u>	<u>28,325,558</u>
PROFIT FOR THE YEAR		<u><u>269,395,756</u></u>	<u><u>113,168,960</u></u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plan		-	(3,087,435)
Income tax relating to components of other comprehensive income	9	<u>-</u>	<u>617,487</u>
TOTAL OTHER COMPREHENSIVE LOSS			
FOR THE YEAR - NET OF TAX		<u>-</u>	<u>(2,469,948)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>269,395,756</u></u>	<u><u>110,699,012</u></u>
BASIC EARNINGS PER SHARE	21	BAHT	
		15.39	6.47
WEIGHTED AVERAGE NUMBER			
OF ORDINARY SHARES		SHARES	
		17,500,000	17,500,000

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

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

	Notes	Issued and paid-up share capital	Retained earnings Appropriated Legal reserve	Unappropriated	Total shareholders' equity
Balance as at April 1, 2014		1,750,000,000	141,409,188	75,248,125	1,966,657,313
Interim dividend	19	-	-	(105,000,000)	(105,000,000)
Appropriated for legal reserve	19	-	4,885,969	(4,885,969)	-
Total comprehensive income for the year		-	-	110,699,012	110,699,012
Balance as at March 31, 2015		<u>1,750,000,000</u>	<u>146,295,157</u>	<u>76,061,168</u>	<u>1,972,356,325</u>
Balance as at April 1, 2015		1,750,000,000	146,295,157	76,061,168	1,972,356,325
Interim dividend	19	-	-	(175,000,000)	(175,000,000)
Appropriated for legal reserve	19	-	11,610,495	(11,610,495)	-
Total comprehensive income for the year		-	-	269,395,756	269,395,756
Balance as at March 31, 2016		<u>1,750,000,000</u>	<u>157,905,652</u>	<u>158,846,429</u>	<u>2,066,752,081</u>

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

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		337,612,432	141,494,518
Adjustments :			
Dividend received		(52,560,000)	(16,800,000)
Adjustment from loss on foreign exchange rate		3,500,905	1,341,909
Depreciation and amortisation		90,991,603	90,533,801
Adjustment from employee benefit obligation expenses		6,447,311	7,010,503
Interest income		(20,321,036)	(13,095,622)
Interest expense		16,403,956	21,913,770
Other adjustment from non-cash items	4.2	7,907	(10,122)
		<u>382,083,078</u>	<u>232,388,757</u>
Cash from trade receivables increase		(79,919,709)	(85,220,878)
Cash from other receivables decrease		2,504,596	2,571,620
Cash from inventories decrease		161,654,209	585,876,549
Cash from trade payables increase (decrease)		32,264,567	(321,391,446)
Cash from other payables decrease		(17,968,240)	(48,442,492)
Other cash (paid) received from operating activities	4.3	(27,574,454)	26,319,436
Cash received from operating activities		<u>453,044,047</u>	<u>392,101,546</u>
Adjustment of cash occurred from investment or loans	4.4	(17,084,794)	(21,985,322)
Income tax paid		<u>(24,096,381)</u>	<u>(45,482,148)</u>
Net cash provided by operating activities		<u>411,862,872</u>	<u>324,634,076</u>

THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016

UNIT : BAHT

	Note	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		52,560,000	16,800,000
Interest received		19,625,896	13,095,622
Proceeds from sales of property, plant and equipment		20,099	64,989
Payments for purchases of property, plant and equipment		(14,563,145)	(68,613,176)
Cash paid for loans to related party		(389,508,743)	(310,623,364)
Net cash used in investing activities		<u>(331,865,893)</u>	<u>(349,275,929)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		69,871,937	131,703,883
Dividends paid		(175,000,000)	(105,000,000)
Net cash provided by (used in) financing activities		<u>(105,128,063)</u>	<u>26,703,883</u>
Net increase (decrease) in cash and cash equivalents		(25,131,084)	2,062,030
Beginning balance of cash and cash equivalents		<u>28,145,088</u>	<u>26,083,058</u>
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	4.1	<u><u>3,014,004</u></u>	<u><u>28,145,088</u></u>

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

**THE SIAM CONSTRUCTION STEEL COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

1. GENERAL INFORMATION

The Siam Construction Steel Company Limited (“the Company”) was incorporated in Thailand on October 4, 1989. The head office and factory of the Company are located:

Head Office: Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak, Chatuchak, Bangkok 10900

Factory: I-23, I-7 Road, Map Ta Phut Industrial Estate, Muang District, Rayong 21150

The Company engages in manufacture and distribute of construction steel.

The major shareholder and parent company is Tata Steel (Thailand) Public Company Limited (“TSTH”), a Thai public company listed on the Stock Exchange of Thailand holding 99.99% of the Company’s share capital. The ultimate parent company is Tata Steel Limited, a listed company incorporated under the law of India.

The Company has extensive transactions and relationships with the parent company 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.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in 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 Notification of the Department of Business Development dated September 28, 2011 regarding “The Brief Particulars in the Financial Statements B.E. 2554”.

For the financial statements for the years ended March 31, 2016 and 2015, the Company did not record 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 authorised director to sign on behalf of Siam Steel Mill Services Company Limited which is held by the Company at 24% of its share capital. The Company, therefore, recorded such investment as other long-term investment at cost of Baht 1,241 (see Note 25).

2.3 Since April 1, 2015, the Company 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 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
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economics
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 4 (Revised 2014)	Insurance Contracts
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Accounting Standard 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	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
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

Such TFRSs have no significant impact on the Company’s financial statements.

- 2.4 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 was effective on November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014). Such Conceptual Framework for Financial Reporting had no significant impact on the Company’s financial statements in the period of initial application.
- 2.5 New Standard on Fair Value Measurement

Impact of the application of TFRS 13

The Company 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 Company 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 financial statements.

- 2.6 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
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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
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures

Thai Accounting Standards (“TAS”) (Continued)

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 Venture
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economics
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 Payments
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 2014) 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 - 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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting 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 original maturity of three months or less from the date of acquisition, and 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.

Allowance for doubtful accounts

The Company 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 Company'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.

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 manufactured inventories 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 Other long-term investment

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

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

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	10 years
Buildings and structures	10 - 20 years
Machinery and equipment	5 - 10 years
Vehicles	5 - 10 years
Furniture, fixtures and office equipment	5 - 10 years

The Company does not calculate depreciation for assets under construction and installation.

3.6 Intangible asset

Intangible asset consisted of computer software 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 Impairment

The carrying amount of the Company's assets are 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.

The Company recognises impairment loss when the recoverable amount of an asset is lower than its carrying amount, which is the higher of the asset's fair value less costs of disposal and its value in use. The Company determines the value in use by estimating 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 to sell, an appropriate valuation model is used. The calculation reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

Reversal of an impairment loss

The Company reverses impairment loss of asset, if any, which had been recognised in the prior periods if there is an indicator for impairment may no longer exist or may have decreased which the recoverable amount must be estimated.

3.8 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 Company'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 Company policy; are calculated by estimating the amount of future benefits that employees have earned in return for their services 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.

3.9 Long-term lease

Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statement of profit or loss and other comprehensive income on the straight-line basis.

3.10 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. 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. Sales are 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.

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

Other income and expense are recognised on an accrual basis.

3.11 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.

3.12 Income tax

Income tax expenses 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 Company recognises deferred tax liabilities for all taxable temporary differences and recognises deferred tax assets for deductible temporary differences and tax losses carried forward. The Company 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 Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax expenses (incomes) are charged or credited in the statement of profit or loss and other comprehensive income, except when the temporary differences relate to items credited or charged directly to equity, in which case the deferred tax is also recorded in shareholders' equity.

3.13 Basic earnings per share

The calculations of basic earnings per share for the year were based on the net profit for the year divided by the weighted average number of ordinary shares held by shareholder outstanding during the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscription received.

3.14 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 expense in the statement of profit or loss and other comprehensive income.

The Company has adopted a policy to cover foreign exchange exposure by entering into forward foreign exchange contracts with banks for a certain portion of its assets and liabilities in foreign currencies. The Company 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 foreign exchange contracts at the statement of financial position date as income or expense in the statement of profit or loss and other comprehensive income.

3.15 Financial instruments

The Company 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 23 and 24.

Gains and losses on 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 category in the statement of financial position.

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

3.16 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 Company 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 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 realizable value in TAS 2 (Revised 2014) or value in use in TAS 36 (Revised 2014).

In addition, fair value measurements are categorized into Level 1, 2 and 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.

3.17 Use of accounting estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company'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.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	2016	2015
	Baht	Baht
Bank deposits in current accounts	1,786,129	2,181,961
Bank deposits in savings accounts	1,227,875	25,963,127
Total	<u>3,014,004</u>	<u>28,145,088</u>

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

	2016	2015
	Baht	Baht
(Gain) loss from writing off of property, and equipment and intangible asset	7,907	(10,122)
Total	<u>7,907</u>	<u>(10,122)</u>

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

	2016	2015
	Baht	Baht
(Increase) decrease in other current assets and other non-current assets	(22,731,299)	12,773,860
Increase (decrease) in other current liabilities and other non-current liabilities	(2,104,464)	14,043,576
Cash paid for employee benefit obligations	(2,738,689)	(498,000)
Total	<u>(27,574,452)</u>	<u>26,319,436</u>

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

	2016 Baht	2015 Baht
Interest paid	(17,084,794)	(21,985,322)

4.5 Non-cash items from purchases and increase of property, plant and equipment for the years ended March 31, are as follows:

	2016 Baht	2015 Baht
Payables for property, plant and equipment brought forward	512,600	6,953,772
<u>Add</u> Purchase during the years	14,439,445	62,172,004
<u>Less</u> Cash payment during the years	<u>(14,563,145)</u>	<u>(68,613,176)</u>
Payables for property, plant and equipment carried forward (see Note 12)	<u>388,900</u>	<u>512,600</u>

5. TRADE AND OTHER RECEIVABLES

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

	2016 Baht	2015 Baht
Trade accounts receivable - related parties (see Note 22)	621,176,967	541,257,258
Other receivables - related parties (see Note 22)	2,968,323	3,087,228
Prepaid expenses	<u>2,613,151</u>	<u>4,998,842</u>
Total	<u>626,758,441</u>	<u>549,343,328</u>

6. INVENTORIES

Inventories as at March 31, consist of:

	2016 Baht	2015 Baht
Finished goods	89,490,526	206,851,339
Work in process	19,246,539	66,751,525
Raw materials	161,637,927	129,113,888
Spare parts	87,488,378	93,527,957
Supplies and others	124,949,775	148,497,014
Raw materials in transit	<u>58,606,389</u>	<u>71,761,543</u>
Total	<u>541,419,534</u>	<u>716,503,266</u>

The amounts of inventories recognised as an expense in the financial statements for the years ended March 31, 2016 and 2015 were Baht 6,167 million and Baht 8,199 million, respectively.

7. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2016					
	Balance as at April 1, 2015 Baht	Additions Baht	Disposals/ Write-off Baht	Transfer Baht	Balance as at March 31, 2016 Baht
Cost					
Land improvements	157,185,810	-	-	-	157,185,810
Buildings and structures	1,434,763,487	-	-	-	1,434,763,487
Machinery and equipment	2,770,699,352	9,791,990	(4,403,549)	-	2,776,087,793
Vehicles	31,000	-	-	-	31,000
Furniture, fixtures and office equipment	35,209,920	3,786,455	(347,930)	-	38,648,445
Total cost	<u>4,397,889,569</u>	<u>13,578,445</u>	<u>(4,751,479)</u>	<u>-</u>	<u>4,406,716,535</u>
Accumulated depreciation					
Land improvements	(157,185,790)	-	-	-	(157,185,790)
Buildings and structures	(1,319,440,521)	(11,690,669)	-	-	(1,331,131,190)
Machinery and equipment	(2,475,388,055)	(63,298,986)	4,403,540	-	(2,534,283,501)
Vehicles	(30,999)	-	-	-	(30,999)
Furniture, fixtures and office equipment	(28,829,401)	(2,466,541)	334,762	-	(30,961,180)
Total accumulated depreciation	<u>(3,980,874,766)</u>	<u>(77,456,196)</u>	<u>4,738,302</u>	<u>-</u>	<u>(4,053,592,660)</u>
Construction in progress and machinery and equipment under installation	-	861,000	-	-	861,000
Property, plant and equipment	<u>417,014,803</u>				<u>353,984,875</u>
As at March 31, 2015					
	Balance as at April 1, 2014 Baht	Additions Baht	Disposals/ Write-off Baht	Transfer Baht	Balance as at March 31, 2015 Baht
Cost					
Land improvements	157,185,810	-	-	-	157,185,810
Buildings and structures	1,418,612,637	12,533,751	-	3,617,099	1,434,763,487
Machinery and equipment	2,712,134,163	47,429,016	(372,944)	11,509,117	2,770,699,352
Vehicles	164,150	-	(133,150)	-	31,000
Furniture, fixtures and office equipment	33,741,077	2,209,238	(838,128)	97,733	35,209,920
Total cost	<u>4,321,837,837</u>	<u>62,172,005</u>	<u>(1,344,222)</u>	<u>15,223,949</u>	<u>4,397,889,569</u>
Accumulated depreciation					
Land improvements	(157,185,790)	-	-	-	(157,185,790)
Buildings and structures	(1,306,953,247)	(12,487,274)	-	-	(1,319,440,521)
Machinery and equipment	(2,413,499,969)	(62,261,019)	372,933	-	(2,475,388,055)
Vehicles	(164,147)	-	133,148	-	(30,999)
Furniture, fixtures and office equipment	(27,607,041)	(2,005,634)	783,274	-	(28,829,401)
Total accumulated depreciation	<u>(3,905,410,194)</u>	<u>(76,753,927)</u>	<u>1,289,355</u>	<u>-</u>	<u>(3,980,874,766)</u>
Construction in progress and machinery and equipment under installation	15,223,949	-	-	(15,223,949)	-
Property, plant and equipment	<u>431,651,592</u>				<u>417,014,803</u>
Depreciation for the years					
2016				Baht	<u>77,456,196</u>
2015				Baht	<u>76,753,927</u>

Costs of fully depreciated plant and equipment that are still in use as at March 31, 2016 and 2015, are Baht 3,551 million and Baht 3,509 million, respectively.

As at March 31, 2016 and 2015, plant and equipment of the Company with net book value of Baht 7 million and Baht 12 million, respectively, are used as a part of collateral for long-term borrowing from two financial institutions of Baht 5,000 million and Baht 3,500 million of the parent company.

8. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2016

	Balance as at April 1, 2015 Baht	Addition Baht	Disposal/ Write-off Baht	Balance as at March 31, 2016 Baht
Computer software	2,714,024	-	(88,494)	2,625,530
<u>Less</u> Accumulated amortisation	<u>(2,462,049)</u>	<u>(105,884)</u>	<u>73,665</u>	<u>(2,494,268)</u>
Intangible Asset	<u>251,975</u>			<u>131,262</u>

As at March 31, 2015

	Balance as at April 1, 2014 Baht	Addition Baht	Disposal/ Write-off Baht	Balance as at March 31, 2015 Baht
Computer software	2,714,024	-	-	2,714,024
<u>Less</u> Accumulated amortisation	<u>(2,348,621)</u>	<u>(113,428)</u>	<u>-</u>	<u>(2,462,049)</u>
Intangible Asset	<u>365,403</u>			<u>251,975</u>

Amortisation for the years

2016		Baht	<u>105,884</u>
2015		Baht	<u>113,428</u>

Costs of fully amortised computer software that is still in use as at March 31, 2016 and 2015, is Baht 1.62 million of each year.

9. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

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

	2016 Baht	2015 Baht
Current income tax per tax return form	68,052,076	29,628,059
Deferred tax		
Movements in temporary differences	<u>164,600</u>	<u>(1,302,501)</u>
Income tax expense as included in the statement of profit of loss and other comprehensive income	<u>68,216,676</u>	<u>28,325,558</u>

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

	2016	2015
	Baht	Baht
Profit before income taxes	337,612,433	141,494,518
Income tax at 20%	67,522,487	28,298,904
Effect of non-deductible expenses (income) for tax purpose:		
- Temporary differences not accounted for as deferred tax assets	229,311	130,622
- Permanent differences	464,878	(103,968)
Income tax expense	<u>68,216,676</u>	<u>28,325,558</u>
	Tax rate	Tax rate
	%	%
Effective tax rate	20.21	20.02

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

	Balance as at April 1, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2016
	Baht	Baht	Actuarial loss on defined employee benefit plan Baht	Baht
Deferred tax assets resulted from Employee benefit obligations	6,991,528	710,139	-	7,701,667
Deferred tax liabilities resulted from forward exchange contracts	-	(874,739)	-	(874,739)
Total	<u>6,991,528</u>	<u>(164,600)</u>	<u>-</u>	<u>6,826,928</u>
	Balance as at April 1, 2014	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2015
	Baht	Baht	Actuarial loss on defined employee benefit plan Baht	Baht
Deferred tax assets resulted from Employee benefit obligations	<u>5,071,541</u>	<u>1,302,500</u>	<u>617,487</u>	<u>6,991,528</u>

Income tax rate reduction

According to the Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, to extend the corporate income tax rate reduction at 20% of net profit for accounting period beginning on or after January 1, 2015 but not later than December 31, 2015.

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

The Company used tax rate of 20% for income tax and deferred tax calculation 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 exemption under the Revenue Code. As a result, the effective tax rates different from the tax rate under Revenue Code.

10. OTHER NON-CURRENT ASSETS

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

	2016	2015
	Baht	Baht
Income tax refundable	123,847,050	123,847,050
Fixed deposits used as collateral (see Note 26.2)	24,156,000	-
Others	54,999	62,500
Total	<u>148,058,049</u>	<u>123,909,550</u>

In December 2009, the Company 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 Company decided to pay such additional tax. Subsequently, on September 13, 2010, the Company submitted the filing of a revised return for tax refund and has filed with 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 Company 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.

11. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

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

	Interest rate Per annum (%)	2016 (Thousand Baht)	Interest rate Per annum (%)	2015 (Thousand Baht)
Short-term borrowings from financial institutions	3.62	532,805	3.88 - 4.14	462,934

As at March 31, 2016, the Company has borrowing from a financial institution of Baht 273.4 million for the trust receipts for import billet, bearing the interest rate at LIBOR per annum. (2015 : nil)

As at March 31, 2016 and 2015, the Company has short-term borrowings from financial institutions of Baht 259.4 million and Baht 462.9 million, respectively, bearing the interest rate at BIBOR+2% per annum. The Group which consisted of the parent company, the Company and the parent company's two subsidiaries, entered into an agreement to obtain short-term credit facilities limit totaling of Baht 3,216 million for scrap purchasing, other raw materials and utilities.

As at March 31, 2016 and 2015, the Group has agreements with 8 local financial institutions to obtain credit facilities of Baht 5,484 million and Baht 6,723 million, respectively, 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.

12. TRADE AND OTHER PAYABLES

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

	2016 Baht	2015 Baht
Trade accounts payable - related parties (see Note 22)	287,085,103	182,690,773
Trade accounts payable - other companies	84,611,562	153,240,419
Other payables - related parties (see Note 22)	16,811,273	20,723,501
Other payables - other companies (see Note 4.5)	388,900	512,600
Accrued expenses	108,941,401	123,678,254
Total	<u>497,838,239</u>	<u>480,845,547</u>

13. OTHER CURRENT LIABILITIES

Other current liabilities as at March 31, consist of the following:

	2016	2015
	Baht	Baht
Value-added tax payable	7,717,130	17,086,983
Withholding tax payable	1,301,081	1,723,854
Others	<u>11,647,402</u>	<u>3,959,240</u>
Total	<u><u>20,665,613</u></u>	<u><u>22,770,077</u></u>

14. PROVIDENT FUNDS

The defined contribution plan comprises provident fund for its employees. 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 Company at rates ranging from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

For the years ended March 31, 2016 and 2015, the contribution of the Company recognised as expenses amounting to Baht 8.4 million and Baht 7.9 million, respectively.

15. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2016 and 2015, the Company recorded a provision for employee benefit obligations totaling Baht 36.62 million and Baht 32.92 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:

	2016	2015
Discount rate (%)	3.33	3.33
Average expected rate of salary increase (%)	5.05	5.05
Voluntarily resignation rate (%)	0 - 18.00	0 - 18.00
Retirement age (year)	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:

	2016	2015
	Baht	Baht
Past service cost	-	3,070,081
Current service cost	5,357,971	2,827,876
Interest cost	1,089,340	1,027,615
Total	<u>6,447,311</u>	<u>6,925,572</u>

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

	2016	2015
	Baht	Baht
Present value of unfunded obligations	<u>36,624,803</u>	<u>32,916,181</u>
Beginning of provision for employee benefit obligations	32,916,181	22,903,174
Other long-term employee benefit	-	498,000
Revised the beginning of provision for employee benefit obligations ⁽¹⁾	32,916,181	23,401,174
Past service cost	-	3,070,081
Current service cost	5,357,971	2,827,876
Interest cost	1,089,340	1,027,615
Net actuarial loss (gain) recognised during the years	-	3,087,435
Severance paid during the years	<u>(2,738,689)</u>	<u>(498,000)</u>
Ending of provision for employee benefit obligations	<u>36,624,803</u>	<u>32,916,181</u>

⁽¹⁾ Provision for employee benefit obligations at the beginning are not equal to the ending of prior year because the Company has changed the method of other long-term employee benefit calculation under the Company 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 : Baht
<u>Discount rate</u>	
Discount rates, decrease of 1 percent	4,692,960
Discount rates, increase of 1 percent	(4,027,706)
<u>Salary increased rates</u>	
Salary increased rates, decrease of 1 percent	(3,887,839)
Salary increased rates, increase of 1 percent	4,449,157

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.

16. LEGAL RESERVE

According to the Civil and Commercial Code, the Company is required to reserve fund at each distribution of dividend at least one-twentieth of the profit arising from the business of the Company until the reserve fund reaches one-tenth part of the capital of the Company. Such reserve fund is not allowable for distribution as dividend.

17. CAPITAL MANAGEMENT

The Company's objective in managing capital is to safeguard the Company'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 Company'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.

18. OTHER INCOME

Other income for the years ended March 31, are as follows:

	2016	2015
	Baht	Baht
Gain on exchange rate - net	2,431,653	9,657,172
Dividend received from other long-term investment	52,560,000	16,800,000
Others	24,265,195	16,502,010
Total	<u>79,256,848</u>	<u>42,959,182</u>

19. DIVIDEND PAID

On March 20, 2015, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from profit for the retained earnings as at February 28, 2015 at Baht 6 per share totaling of Baht 105 million and passed a resolution for appropriation of profit for legal reserve of Baht 4.89 million. The dividend was paid on March 27, 2015.

On December 1, 2015, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from net profit for the eight-month period ended November 30, 2015 at Baht 5 per share totaling of Baht 87.5 million and passed a resolution for appropriation of profit for legal reserve of Baht 8.47 million. The dividend was paid on December 28, 2015.

On March 23, 2016, the Board of Directors' meeting of the Company passed a resolution to distribute an interim dividend from net profit for the eleven-month period ended February 29, 2016 at Baht 5 per share totaling of Baht 87.5 million and passed a resolution for appropriation of profit for legal reserve of Baht 3.14 million. The dividend was paid on March 28, 2016.

20. EXPENSES BY NATURE

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

	2016	2015
	Baht	Baht
Change in finished goods and work in process	164,865,799	354,883,334
Raw materials and consumables used	4,290,491,417	5,883,169,864
Employee benefits expenses	186,364,180	176,512,565
Depreciation, amortisation and amortisation of rolling mill expenses	90,991,603	90,533,801
Utilities expenses	696,382,889	842,282,632
Repair and maintenance expenses	192,801,928	213,766,006
Management fees	131,917,658	170,505,670
Premium on forward foreign exchange contract	3,856,572	7,031,021
Fuel	208,734,937	271,748,492
Store and supplies used	207,254,004	238,801,467
Contractor	64,079,810	57,962,390
Rent	7,355,845	7,187,801

21. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended March 31, are as follows:

		2016	2015
Net profit for the years	Baht	269,395,756	113,168,960
Weighted average number of ordinary shares	Shares	17,500,000	17,500,000
Basic earnings per share	Baht	15.39	6.47

22. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties linked to the Company 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 summarised as follows:

	Pricing Policies
Sales	Market price
Purchases	Market price
Management fee	Contract rate
Interest income	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
Parent company	Tata Steel (Thailand) Public Company Limited	Holding company	Parent company
Related party	The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and directors
Related party	N.T.S. Steel Group Plc.	Manufacture, distributions and trading of steel bars, wire rods and small section products	Common shareholders and directors
Related party	The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Common shareholders
Related party	NatSteel Trade International Pte. Ltd.	Trading	Common shareholders
Related party	Tata Steel International (UK) Ltd.	Shipping	Common shareholders
Related party	NatSteel Recycling Pte. Ltd.	Trading	Common shareholders
Related party	Tata Steel Asia (Hong Kong) Limited	Trading	Common shareholders
Related party	Tata Steel International Metals (Asia) Limited	Trading	Common shareholders
Related party	Tata Steel International (Singapore) Pte. Ltd.	Trading	Common shareholders
Related party	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Common shareholders
Related party	Mjunction Services Limited	Trading and procurement	Common shareholders

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

	2016	2015
	Baht	Baht
Trade accounts receivable - related parties		
The Siam Iron and Steel (2001) Co., Ltd.	38,169,372	-
N.T.S. Steel Group Plc.	583,007,595	541,257,258
Total	<u>621,176,967</u>	<u>541,257,258</u>

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

	2016 Baht	2015 Baht
Within credit terms	611,950,730	541,257,258
Overdue : not over 3 months	9,226,237	-
Total	<u>621,176,967</u>	<u>541,257,258</u>
Other receivables - related parties		
Tata Steel (Thailand) Public Company Limited	2,205,863	1,483,303
The Siam Iron and Steel (2001) Co., Ltd.	8,495	3,692
N.T.S. Steel Group Plc.	-	857,418
Siam Steel Mill Services Co., Ltd.	753,965	742,815
Total	<u>2,968,323</u>	<u>3,087,228</u>
Short-term loans to parent company		
Tata Steel (Thailand) Public Company Limited (Unsecured loan and no maturity date carrying interest rate at 1.50% p.a.)	<u>1,519,414,189</u>	<u>1,129,905,446</u>
Trade accounts payable - related parties		
The Siam Iron and Steel (2001) Co., Ltd.	569,318	3,489,974
N.T.S. Steel Group Plc.	102,589,351	73,166,972
NatSteel Recycling Pte. Ltd.	(466,658)	38,405,339
Tata Steel International Metals (Asia) Limited	175,884,913	59,789,712
Tata Steel International (Singapore) Pte. Ltd.	450,844	386,155
Siam Steel Mill Services Co., Ltd.	8,057,335	7,452,621
Total	<u>287,085,103</u>	<u>182,690,773</u>
Other payables - related parties		
Tata Steel (Thailand) Public Company Limited	15,905,936	17,607,123
The Siam Iron and Steel (2001) Co., Ltd.	307,454	257,377
N.T.S. Steel Group Plc.	291,586	2,034,280
Siam Steel Mill Services Co., Ltd.	306,297	824,721
Total	<u>16,811,273</u>	<u>20,723,501</u>

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

	2016	2015
	Baht	Baht
Revenues		
Sales		
The Siam Iron and Steel (2001) Co., Ltd.	121,918	38,668
N.T.S. Steel Group Plc.	<u>6,581,484,965</u>	<u>8,482,227,052</u>
Total	<u>6,581,606,883</u>	<u>8,482,265,720</u>
Interest income		
Tata Steel (Thailand) Public Company Limited	<u>20,076,152</u>	<u>12,703,400</u>
Dividend income		
Siam Steel Mill Services Co., Ltd.	<u>52,560,000</u>	<u>16,800,000</u>
Expenses		
Purchases		
The Siam Iron and Steel (2001) Co., Ltd.	20,605,803	21,231,396
N.T.S. Steel Group Plc.	2,576,289,937	3,778,570,074
NatSteel Recycling Pte. Ltd.	395,819	137,932,085
Tata Steel International Metals (Asia) Limited	819,885,964	60,432,716
Tata Steel International (Singapore) Pte. Ltd.	6,346,901	3,862,338
Siam Steel Mill Services Co., Ltd.	<u>82,956,718</u>	<u>95,424,412</u>
Total	<u>3,506,481,142</u>	<u>4,097,453,021</u>
Management fee		
Tata Steel (Thailand) Public Company Limited	<u>131,917,658</u>	<u>170,505,670</u>
Dividend paid		
Tata Steel (Thailand) Public Company Limited	<u>174,999,940</u>	<u>104,999,964</u>
Other expenses		
Siam Steel Mill Services Co., Ltd.	<u>7,405,484</u>	<u>5,268,185</u>

The Company has the trading policy, which the price and term with related parties are similar to the third parties.

In 2010, the parent company made an agreement for management fee by determining based on 2.0% of the annual net sales. In case that the Company has the annual loss excluding management fee, such management fee shall not exceed Baht 1 million per month. This agreement has been effective since April 1, 2010, onwards.

23. FINANCIAL INSTRUMENTS

Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Company as per contracts which may cause financial loss. The Company has a policy to protect against this risk by assessing the credit worthiness of customers, defining credit limits, check credit insurance cover, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilisation and reviewing collections.

The Company has a concentration of credit risk since the Company has sold its products to two related parties. However, the Company is not exposed to credit risk primarily with respect to such concentration since such related parties are under common control.

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 Risk

Interest rate risk arises from the potential for a change in interest rate to have an adverse effect on the Company in the current reporting period and in future years. The Company does not expect to incur material incremental effect on its interest expense because the Company has no long-term borrowing.

Foreign exchange risk occurs from the fluctuating of foreign currency. The Company 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 Company has entered into forward exchange contracts to hedge its debts as disclosed in Note 24.

Liquidity Risk

The Company 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.

24. FORWARD FOREIGN EXCHANGE CONTRACTS

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

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

As at March 31, 2016					
Currency	Contract amount	Forward exchange rate per contract (Baht per Currency)	Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
USD	16,131,000	34.97 - 36.27	April 29, 2016 – October 28, 2016	579,161	(9,059)

As at March 31, 2015					
Currency	Contract amount	Forward exchange rate per contract (Baht per Currency)	Maturity date	Value per forward rate (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
USD	2,119,586	32.67 - 33.00	April 30, 2015 - September 30, 2015	69,581	(210)
SGD	1,400,000	24.74	September 30, 2015	34,636	(1,411)

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

	Unit :Thousand Baht	
	2016	2015
Derivative assets	332	-
Derivative liabilities	(9,391)	(1,611)
Net gain (loss)	<u>(9,059)</u>	<u>(1,611)</u>

25. DETERMINATION OF FAIR VALUES

A number of the Company'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 asset and financial liability measured at fair value

Fair value of financial asset and financial liability which are measured at fair value and their fair value hierarchy level classification as at March 31, 2016 and 2015 were summarized as follows.

Financial asset and financial liability	Fair value as at March 31, 2016 2015 (Thousand Baht)		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	2016	2015		
<u>Financial asset</u>				
Foreign currency forward contracts	96,203	-	Level 2	Discounted cash flow The estimated future cash flows is from foreign currency 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.
<u>Financial liability</u>				
Foreign currency forward contracts	473,898	102,596	Level 2	Discounted cash flow 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, receptively, in the statement of financial position.

Financial asset and financial liability not measured at fair value

Valuation technique for financial asset and financial liability not measured at fair value of the Group and the Company are as follows:

Cash and cash equivalents, trade and other receivables, inventories, short-term loans to related parties, and other current assets the carrying amount are approximately to their fair values because of the short-term period to maturity of these financial instruments.

The Company cannot disclose the fair value of other long-term investment which its cost is Baht 1,241 (see Note 2.2) because of time and cost limitation to determine the sufficiently reliable fair value.

Short-term borrowings from financial institutions, trade and other payables and other current liabilities - the carrying amounts are approximately to their fair values because of the short-term period to maturity of these financial instruments.

26. COMMITMENTS

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

26.1 Letters of credit opened but are not qualified as liabilities as at March 31, are as follows:

Currencies	Unit :Thousand	
	2016	2015
USD	5,920	29

26.2 Letters of guarantee issued by the financial institutions to the Revenue Department, Provincial Electricity Authority and Industrial Estate Authority of Thailand and others totally of Baht 138.67 million of each year in the normal course of business (see Note 10 for the deposit used as collateral).

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

	2016 Baht	2015 Baht
Within one year	5,618,249	6,167,549
After one year but not over five years	15,674,708	20,811,568
Total	<u>21,292,957</u>	<u>26,979,117</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 of Baht 5.93 million and Baht 6.47 million, respectively.

26.4 For the years ended March 31, 2016 and 2015, the Company has a lease agreement for land with the Industrial Estate Authority of Thailand with the rental fee amounting to Baht 4.80 million per year. Such agreement shall have the term for 30 years commencing on April 3, 1990 to April 2, 2020.

26.5 As at March 31, 2016 and 2015, the Company and the Siam Iron and Steel (2001) Co., Ltd. have been acted as guarantors for repayment of trade accounts payable arising from debt restructuring for N.T.S. Steel Group Plc. amounting to Baht 6.33 million.

27. CONTINGENT LIABILITIES

For fiscal year ended March 31, 2014, the Company 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 Company under-estimated the net profit for that year by an amount exceeding 25 percent of the actual net profit. However, the Company considered that there was a reasonable event occurred in the second half of the year that caused the net-profit under-estimated. As of March 31, 2016, the Company has made the appeal to the Revenue Department and the result of this assessment was not finalised. However, the Company expect that there would not be additional surcharge to be paid and has not recorded the provisions in the financial statement.

28. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the Company'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 Company's operations involve the single business segment of the manufacture and distribution of long steel products, which is located in Thailand. Sales of the Company are local sales. As a result, all the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned single business segment and geographic area.

29. APPROVAL FOR THE FINANCIAL STATEMENTS

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